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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE - CHAIRMAN
BOB STUMP - COMMISSIONER
SANDRA D. KENNEDY - COMMISSIONER
PAUL NEWMAN - COMMISSIONER
BRENDA BURNS - COMMISSIONER

2012 JAN 25 P 4: 22

CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION D/B/A
CENTURYLINK-QC ("CENTURYLINK") TO
CLASSIFY AND REGULATE RETAIL LOCAL
EXCHANGE TELECOMMUNICATIONS
SERVICES AS COMPETITIVE, AND TO
CLASSIFY AND DEREGULATE CERTAIN
SERVICES AS NON-ESSENTIAL

DOCKET NO. T-01051B-11-0378

NOTICE OF FILING DIRECT TESTIMONY

CenturyLink hereby files the attached Direct Testimony and Exhibits of Robert H.
Brigham pursuant to the January 17, 2012 Procedural Order in the above captioned proceeding.

SUBMITTED, this 25th day of January, 2012.

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QC

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DOCKETED

JAN 25 2012

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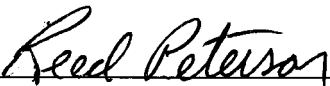
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DIRECT TESTIMONY

OF

ROBERT H. BRIGHAM

ON BEHALF OF

CENTURYLINK

JANUARY 25, 2012

(PUBLIC VERSION)

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH QWEST.

A. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado, and I am currently employed by CenturyLink as a Regulatory Operations Director. I am testifying on behalf of CenturyLink QC.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. In 1983, I received a Master of Business Administration (MBA) degree from the University of Colorado in Denver, Colorado. My area of emphasis was financial analysis. I received a Bachelor of Arts degree in 1974 from Stetson University.

I began my employment with CenturyLink (formerly Mountain Bell, U S WEST and Qwest) in 1976. Between 1976 and 1980, I held various positions in the Mountain Bell Commercial (marketing) department. In 1980, I accepted the position of Analyst in the Cost, Rates and Regulatory Matters department, working primarily on the development of embedded cost data. In June 1987, I accepted the position of Manager in the U S WEST Service Cost organization, with responsibility for economic analysis and the development of incremental costing methodologies. In September 1992, I accepted the position of Director- Product Cost Specialist, and assumed responsibility for developing and supporting U S WEST cost studies in formal regulatory proceedings, and representing U S WEST in costing and pricing workshops sponsored by various regulatory commissions in the U S WEST region. Between May 1994 and June 1997, I served as Director- Product and Market Issues. In that position, I managed competitive and local interconnection

1 issues, supporting U S WEST's interconnection negotiation and arbitration efforts. In June,
2 1997, I rejoined the U S WEST cost organization as Director- Service Costs, where I was
3 responsible for managing cost issues, developing cost methods and representing Qwest in
4 proceedings before regulatory commissions. I held this position until April 2004, when I
5 assumed the position of Staff Director in the Qwest Public Policy department, with
6 responsibility for representing Qwest on pricing, competitive, economic and other
7 regulatory issues. In April 2011, I accepted my current position with CenturyLink,
8 handling regulatory operations issues for several states including Arizona.

9
10 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE ARIZONA**
11 **COMMISSION?**

12 A. Yes. I have previously testified before the Arizona Corporation Commission in Docket No.
13 T-01051B-03-0087, Docket T-00000A-00-0194, Docket E-1051-93-183 and Docket No. T-
14 01051B-10-0194 et al (the recent CenturyLink-Qwest merger docket)

15
16 **Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY**
17 **COMMISSIONS?**

18 A. Yes. I have presented testimony before commissions in Colorado, Iowa, Minnesota,
19 Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah and
20 Wyoming.

21

II. INTRODUCTION

Q. DID CENTURYLINK FILE AN "APPLICATION TO CLASSIFY AND REGULATE RETAIL LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES AS COMPETITIVE, AND TO CLASSIFY AND DEREGULATE CERTAIN SERVICES AS NON-ESSENTIAL?"

A. Yes. On October 13, 2011, CenturyLink filed an application seeking (1) a determination pursuant to A.C.C. R14-2-1108 that all Commission-regulated retail local exchange services CenturyLink provides are competitive telecommunications services and (2) a determination that pursuant to A.R.S. §40-281(E), certain of the retail services CenturyLink provides are not essential or integral to the public service and shall not be regulated by the Commission.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide the data and analysis necessary for the Commission to approve both of the proposals outlined in CenturyLink's Application. First, I will demonstrate that the Arizona telecommunications market is extremely competitive, and that pursuant to Rule 1108, the conditions necessary for "competitive classification" of all retail services, including basic exchange service, have been satisfied. Second, I will explain why the services listed in Attachment B of the Application should be deregulated, pursuant to A.R.S. § 40-281(E). I will testify about the criteria for deregulation based upon my knowledge of the public policy considerations, the history of telecom regulation, my familiarity with the modern circumstances prevailing in the industry, and my knowledge of the CenturyLink services and tariffs in the State of Arizona. While I am not an attorney,

1 my testimony will be given in the context of the legal criteria stated in the Application and
2 the understanding of those criteria that I hold as a regulatory manager.

3
4 **III. REQUEST FOR COMPETITIVE CLASSIFICATION PURSUANT TO RULE 1108**

5 **A. INTRODUCTION**
6

7 **Q. DO THE COMMISSION'S RULES PROVIDE A PATH TO ACCOMPLISH**
8 **REGULATORY PARITY IN A COMPETITIVE ENVIRONMENT?**

9 A. Yes. Rule 1108¹ states: "A telecommunications company may petition the Commission to
10 classify as competitive any service or group of services provided by the company." The
11 petition for competitive classification "shall set forth the conditions within the relevant
12 market that demonstrate that the telecommunications service is competitive." Rule 1108
13 states that the following information should be provided in a petition to classify services as
14 competitive:

- 15
16 1. A description of the general economic conditions that exist which make the
17 relevant market for the service one that is competitive;
18
19 2. The number of alternative providers of the service;
20
21 3. The estimated market share held by each alternative provider of the service;
22
23 4. The names and addresses of any alternative providers of the service that are also
24 affiliates of the telecommunications company, as defined in R14-2-801;
25
26 5. The ability of alternative providers to make functionally equivalent or substitute
27 services readily available at competitive rates, terms, and conditions; and
28
29 6. Other indicators of market power, which may include growth and shifts in market
30 share, ease of entry and exit, and any affiliation between and among alternative
31 providers of the services.

¹ A.A.C. R14-2-1108.

1
2 **Q. DOES YOUR TESTIMONY DEMONSTRATE THAT BASED ON APPLICATION**
3 **OF THE CRITERIA DEFINED IN RULE 1108.B, SUBSECTIONS 1-6,**
4 **COMPETITIVE CLASSIFICATION SHOULD BE GRANTED?**

5 A. Yes. My testimony and exhibits "set forth the conditions within the relevant market that
6 demonstrate that the telecommunications service is competitive" as required in Rule
7 1108.B. I will demonstrate that abundant competition exists throughout CenturyLink's
8 Arizona serving area, and that CenturyLink's regulated services, including basic exchange
9 service, should be classified as competitive throughout the state. In terms of the criteria
10 outlined in Rule 1108.B, subsections 1-6, I will demonstrate that:

11
12 1. The "general economic conditions" that exist throughout CenturyLink's Arizona
13 serving area for all retail regulated services may be characterized as extremely
14 competitive. Competition from wireline, wireless and VoIP providers has
15 significantly diluted CenturyLink's market power, and economic and regulatory
16 barriers to competitive entry have been eliminated. Competitive providers can
17 enter the market using their own facilities or can purchase facilities from
18 CenturyLink on an unbundled network element (UNE) or resale basis. The high
19 level of competition throughout the state is described below.

20 2. There are many alternative providers offering basic voice and other services in
21 Arizona. These include cable providers, Competitive Local Exchange Carriers
22 ("CLECs"), wireless providers and VoIP providers. While the level of
23 competition varies in different parts of CenturyLink's serving area in the state,
24 nearly all CenturyLink customers in Arizona have the ability to purchase
25 functionally equivalent voice services from a carrier other than CenturyLink, and

1 most of these customers have multiple competitive options. The presence in
2 Arizona of these alternative providers is described below.

3 3. There are now a *number of alternative providers* offering voice services that serve
4 as a substitute for CenturyLink's basic residential and business exchange services
5 in Arizona, and these competitive alternatives have garnered significant *market*
6 *share*. As these providers have gained customers, CenturyLink has lost more than
7 half of its access lines in the last decade in Arizona. As described below,
8 according to the FCC, the ILEC share of Arizona voice telecommunications
9 connections is now only 18.4%, and according to *Centris*,² CenturyLink now
10 provides voice service to only *one third* of the occupied Arizona consumer
11 households in its Arizona serving area.

12 4. CenturyLink-QC, the Applicant in this proceeding, is a wholly-owned subsidiary
13 of CenturyLink, Inc., which also owns CentuiryLink QCC and CenturyLink
14 QLDC. CenturyLink-QC is the legacy "Qwest Corporation" entity that provides
15 basic local exchange and other services in its Arizona serving territory, and is an
16 Incumbent Local Exchange Carrier under the telecom laws. CenturyLink QCC is
17 the legacy "Qwest Communications Corporation" entity that provides long
18 distance and certain other services, and CenturyLink QLDC is the "Qwest Long
19 Distance Corporation" entity that provides resold intrastate interLATA long
20 distance service. Tariffs, catalogs and price lists for these entities may be found
21 on CenturyLink's web site.³ Legacy CenturyLink has not offered telephone
22 services in Arizona, and on December 9, 2011 the Commission approved the
23 withdrawal of the "CenturyTel Solutions" certificate (Decision 72711).

² *Centris* is a consulting firm retained by CenturyLink to provide share and other market data. I will further describe *Centris* below.

³ See: http://tariffs.qwest.com:8000/Q_Tariffs/AZ/index.htm.

1 5. Alternative providers are offering “functionally equivalent or substitute services
2 readily available at competitive rates, terms, and conditions” which is the core test
3 in Rule 1108. These *substitute* services are provided by well-capitalized cable,
4 wireless and VoIP providers and are available throughout the state at comparable
5 rates, terms and conditions. I describe these competitive service providers below,
6 and demonstrate that they offer “functionally equivalent or substitute services” at
7 competitive prices that constrain CenturyLink’s pricing.

8 6. The ease of competitor entry and exit, the presence of readily available
9 substitutes, the significant loss of CenturyLink market share along with the rapid
10 evolution of technology have significantly diminished CenturyLink’s market
11 power in Arizona. Economic and regulatory barriers to entry have been
12 eliminated, as evidenced by the fact that alternative services are available from
13 multiple providers in nearly all areas. These factors, and their impact on
14 CenturyLink in Arizona, are described below.

15
16 **Q. WHAT ACTION SHOULD THE COMMISSION TAKE IN THIS PROCEEDING?**

17 A. Based on the criteria in Rule 1108.B, subsections 1-6, the Commission should find that
18 CenturyLink telecommunications services offered in Arizona are “competitive” and should
19 be subject to the pricing and rate change procedures outlined in R14-2-1109 and R14-2-
20 1100.

21
22 **Q. WHY IS IT IMPORTANT FOR THE COMMISSION TO APPROVE**
23 **CENTURYLINK’S PETITION?**

24 A. As explained in CenturyLink’s Petition, the way CenturyLink’s Arizona rates for regulated
25 telecommunications services are set has not changed much since Arizona became a state, at

1 which time telephone service was a state-sanctioned, regulated monopoly. Today
2 Arizonans can choose to obtain telephone service from literally dozens of other wireline
3 communications companies; *yet the rates of these other providers are not regulated in the*
4 *same manner as the rates of CenturyLink are regulated.* The rates of all competitive
5 wireline providers, whether a small provider or a large provider such as Cox Telecom, are
6 regulated under competitive rules where rates are set using a *streamlined* procedure, under
7 the Commission's rules for competitive telecommunications services. That streamlined
8 procedure stands in stark contrast to the heavy regulatory constraints that are applied to
9 CenturyLink. CenturyLink asks that the Commission set its rates the same way it sets the
10 rates for the other competitive telecommunications companies the Commission oversees.
11 Given the state of competition in CenturyLink's Arizona markets, as described below, the
12 time is right to move to a uniform regulatory approach for all telecom providers in the
13 CenturyLink service area.

14
15 In its Application and my testimony, CenturyLink demonstrates that there is no basis for
16 the Commission to regulate its retail rates differently than it regulates the rates of its
17 competitors. The lighter regulation the Commission exerts on CenturyLink's competitors
18 like Cox Communications should be applied to CenturyLink. To continue the disparate
19 regulatory treatment in place today harms CenturyLink and its Arizona customers. By
20 reducing unneeded regulatory burdens, CenturyLink will be able to be more responsive to
21 customer demand and competitive market conditions. CenturyLink will be better
22 positioned to bring products, services, and targeted offers and promotions to the market
23 with greater speed and effectiveness. In this competitive environment, prices for all
24 services should reflect market conditions rather than the application of historical monopoly
25 pricing models.

1
2 **Q. IF THE COMMISSION GRANTS CENTURYLINK'S PETITION, WILL**
3 **CENTURYLINK BE ABLE TO IMMEDIATELY CHANGE ITS PRICES FOR**
4 **"COMPETITIVE" SERVICES?**

5 A. No. A competitive classification pursuant to Rule 1108 means that CenturyLink would
6 price its "competitive" services pursuant to A.A.C. R14-2-1109 and A.A.C. R14-2-1110.
7 CenturyLink would need to follow the procedures prescribed in these rules before it can
8 change prices for any "competitive" services.
9

10 **Q. IS THERE ANYTHING UNUSUAL OR UNIQUE ABOUT CENTURYLINK**
11 **FILING UNDER RULE 1108 FOR COMPETITIVE CLASSIFICATION OF ITS**
12 **SERVICES?**

13 A. No.. Following approval of the Competitive Rules during the mid 1990s, the Company
14 made a number of filings to have specific services classified as competitive under Rule
15 1108.B.
16

17 **Q. WERE THOSE APPLICATIONS ACCEPTED AND RULED ON BY THE**
18 **COMMISSION.**

19 A. Yes. Following is a list of those filings and their disposition:
20

Service	Date of Filing	Docket No.	Disposition
MTS, Private Line, WATS, 800 Service, and Optional Calling Plans	3/15/96	T-01051B-96-0160	Approved 4/24/96 – Decision No. 59637
Directory Assistance	6/28/99	T-01051B-99-0362	Approved 12/14/99 – Decision No. 62129

Centrex Prime	9/23/97	T-01051B-97-0528	Approved 8/26/98 – Decision No. 61089
ATM Cell Relay Service	7/17/97	T-01051B-97-0368	Approved 1/7/99 - Decision No. 61328
National Directory Assistance	7/17/97	T-01051B-97-0369	Approved 12/18/97 - Decision No. 60545

1
2 **Q. WHY HAVE THERE BEEN NO FURTHER COMPETITIVE FILINGS BY**
3 **CENTURYLINK SINCE THE LATE 1990s?**

4 A. The primary reason is that in 2001, the Company began operating under a price cap plan
5 which provided pricing flexibility for some services similar to that available under Rule
6 1108. Thus, there were no “Rule 1108” filings for many of the services that, absent the
7 price cap plan, would likely have been the subject of a petition for competitive
8 classification.

9
10 **Q. HAS THERE BEEN SOME CHANGE TO THE PRICE CAP PLAN TO CAUSE**
11 **CENTURYLINK TO RESUME FILING UNDER SECTION 1108 FOR**
12 **COMPETITIVE CLASSIFICATION?**

13 A. While the Price Cap Plan hasn’t changed, the marketplace has. The prices for the services
14 in Attachment A to the Application are hard capped under the Price Cap Plan. In order to
15 be able to compete on the same basis as our competitors, it is necessary for these services
16 to be classified as competitive.
17

18 **Q. WHAT IS THE COMPANY’S PROPOSAL WITH RESPECT TO THE SERVICES**
19 **THAT HAVE PREVIOUSLY BEEN CLASSIFIED AS COMPETITIVE?**

20 A. CenturyLink has included these services on Attachment B to its application and is
21 recommending that they be deregulated. In addition to the reasons set forth in the

1 deregulation section later in my testimony, these services have been classified as
2 competitive for anywhere from 12 to 15 years. Deregulation of these services is a logical
3 next step.
4

5 **B. THE ARIZONA LOCAL EXCHANGE MARKET**

6 **1. Summary**
7

8 **Q. WHAT TYPES OF PROVIDERS COMPETE WITH CENTURYLINK IN THE**
9 **ARIZONA LOCAL EXCHANGE VOICE MARKET?**

10 A. As described below, the telecommunications market in Arizona is exceptionally
11 competitive, and the mix of competitive telecommunications alternatives continues to grow
12 and evolve. Traditional competitors such as Cox Communications ("Cox") (the major
13 cable company serving much of CenturyLink's Arizona territory including Phoenix and
14 Tucson), along with a number of CLECs (such as Integra, tw telecom, PAETEC and Level
15 3) continue to aggressively compete with CenturyLink. At the same time, intermodal voice
16 services from wireless companies such as AT&T, Verizon, Sprint and T-Mobile and Voice
17 over Internet Protocol ("VoIP") services from companies like Vonage and Google are
18 rapidly gaining a significant share of the telecommunications market in the state. Arizona
19 consumers and businesses have numerous alternatives to meet their local voice calling and
20 broadband needs. The Arizona telecommunications market is becoming more competitive
21 every day, and there is no reason to conclude that this explosion of competitive alternatives
22 will subside as new technologies are developed and customer preferences evolve.
23 CenturyLink's "market power" is constrained by competition today, and the market power
24 of the combined company will continue to be constrained by increasing competition in the
25 future.

1
2 Some of these competitors offer services to customers via the purchase of wholesale
3 services from CenturyLink (including unbundled network elements, CenturyLink Local
4 Services Platform ("CLSP"), Special Access, and the resale of CenturyLink's retail
5 services) while many other competitors, including cable providers, wireless carriers and
6 certain CLECs, offer services to customers over their own facilities. CenturyLink's
7 wireline services also face competition from non-voice services such as email, texting,
8 internet communication and social networking sites. These services provide users with the
9 ability to communicate instantly across a wide variety of platforms and customer
10 equipment.

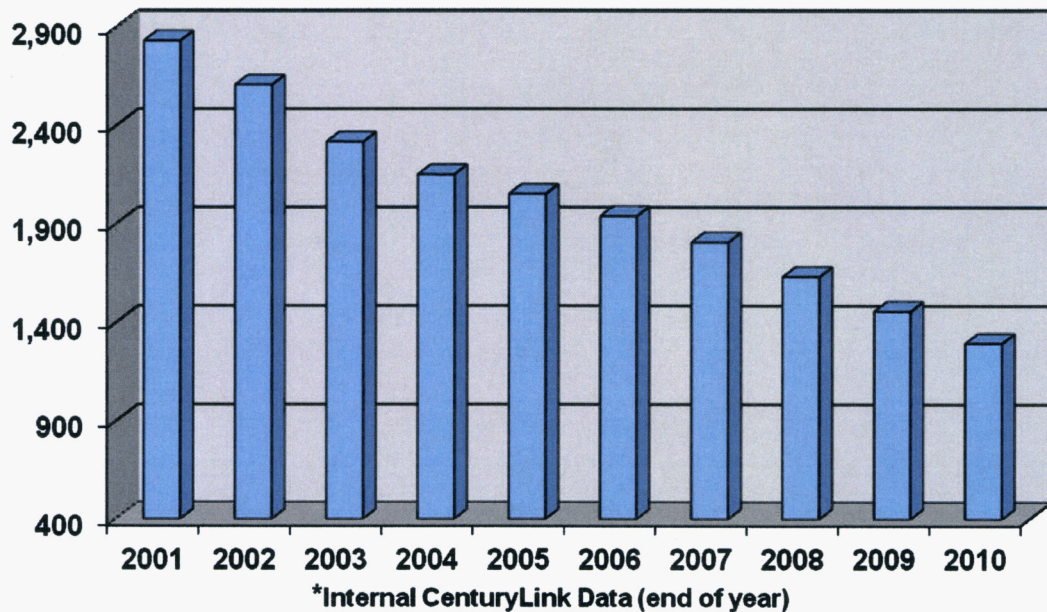
11
12 **Q. PLEASE DESCRIBE THE IMPACT OF THIS COMPETITION ON**
13 **CENTURYLINK ACCESS LINES IN ARIZONA.**

14 A. As competition for voice communications services has increased, CenturyLink has
15 experienced a *significant decline in access line volumes*. Between December 2001 and
16 December 2010, CenturyLink (Qwest) retail access lines in Arizona declined 54%, from
17 2.832 million to 1.295 million:⁴

18

⁴ Residential retail access lines have dropped 61% and business retail access lines have dropped 36% over this time frame.

**CenturyLink Arizona Retail Access Lines*
(Thousands)**



While CenturyLink has experienced a steady decline in residential and business access lines over the past decade, U.S. Census data shows that both households and the number of people in Arizona have increased. The population of Arizona increased from 5,304,417 in July 2001 to 6,595,778 in July 2009; an increase of 24.3%.⁵ The number of households in Arizona increased from 2,259,938 in July 2001 to 2,752,991 in July 2009 (the latest data available); an increase of 21.8%.⁶

As Arizona has experienced a significant growth trend, demand for voice communications services in Arizona has increased apace. FCC data shows that in the western U.S. (as well

⁵ See: <http://www.census.gov/popest/states/tables/NST-EST2009-01.xls>

⁶ See: <http://www.census.gov/popest/housing/tables/HU-EST2008-01.xls>

1 as nationally), household expenditures for telephone service have increased steadily each
2 year since 2001,⁷ even as CenturyLink (Qwest) revenues have declined. However, despite
3 the large upward trend in households, population, and telephone service expenditures by
4 the public, CenturyLink's retail residential access line base in Arizona has fallen sharply
5 since 2001. These divergent trendlines show that consumers are increasingly taking
6 advantage of the expanding array of competitive alternatives to CenturyLink's wireline
7 voice telephone services. As CenturyLink's access lines decline, consumers are
8 increasingly meeting their telecommunications needs via services provided by cable
9 telephony providers, wireless providers, Voice over Internet Protocol ("VoIP") providers
10 and CLECs.

11
12 **Q. CAN YOU ESTIMATE HOW COMPETITION IN ARIZONA HAS IMPACTED**
13 **CENTURYLINK'S SHARE OF THE LOCAL VOICE TELEPHONE MARKET IN**
14 **ARIZONA?**

15 **A.** Yes. While CenturyLink does not have access to the confidential access line and other data
16 from its competitors, we have estimated our voice market share and the share of our
17 competitors based on FCC data and survey data compiled by consulting firm *Centris*.⁸

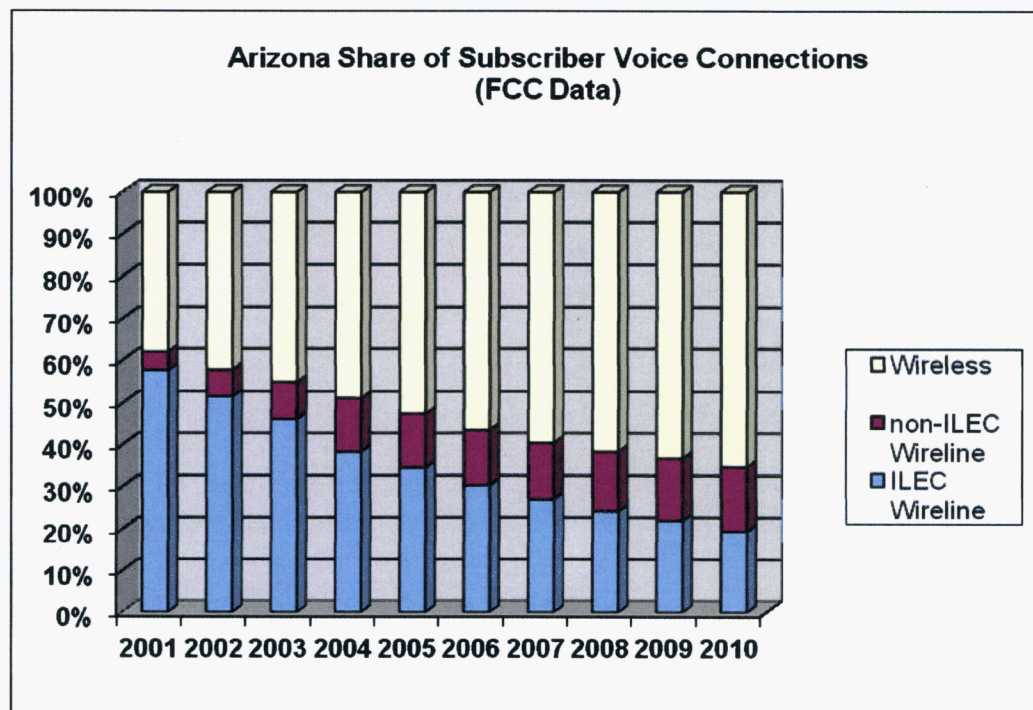
18

⁷ See: *Reference Book of Rates, Price indices, and Household Expenditures for Telephone Service Industry*, FCC Analysis & Technology Division, Wireline Competition Bureau, 2008, Table 2.1. See: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-284934A1.pdf

⁸ *Centris* is a marketing science firm that provides services to CenturyLink and other companies. On its web site, *Centris* states: "Our ongoing survey programs, local market models and advanced analytic skills supplement the research departments of many of the world's leading communication and entertainment companies." *Centris* focuses on the voice, video and data markets. See: <http://www.centris.com/home.html>.

1 **Q. PLEASE DESCRIBE THE FCC'S VOICE MARKET DATA FOR ARIZONA.**

2 A. The FCC compiles voice connection data for ILECs, CLECs and wireless providers every
3 six months, and presents this data in its *Local Competition Report*. This report clearly
4 demonstrates that CenturyLink and other ILECs' share of the voice market in Arizona has
5 declined significantly over the past decade as customers have moved to cable, wireless,
6 CLEC and VoIP options. Based on the latest FCC report (using December 2010 data), the
7 ILEC share of Arizona voice telecommunications connections (including residence and
8 business lines) is now only 18.4%, as compared to 15.6% for non-ILECs (including
9 reporting VoIP providers) and 65.9% for wireless providers.⁹ The trends in the migration
10 of customers from CenturyLink and other ILEC providers to other wireline and wireless
11 providers over the past ten years is demonstrated by the following chart:

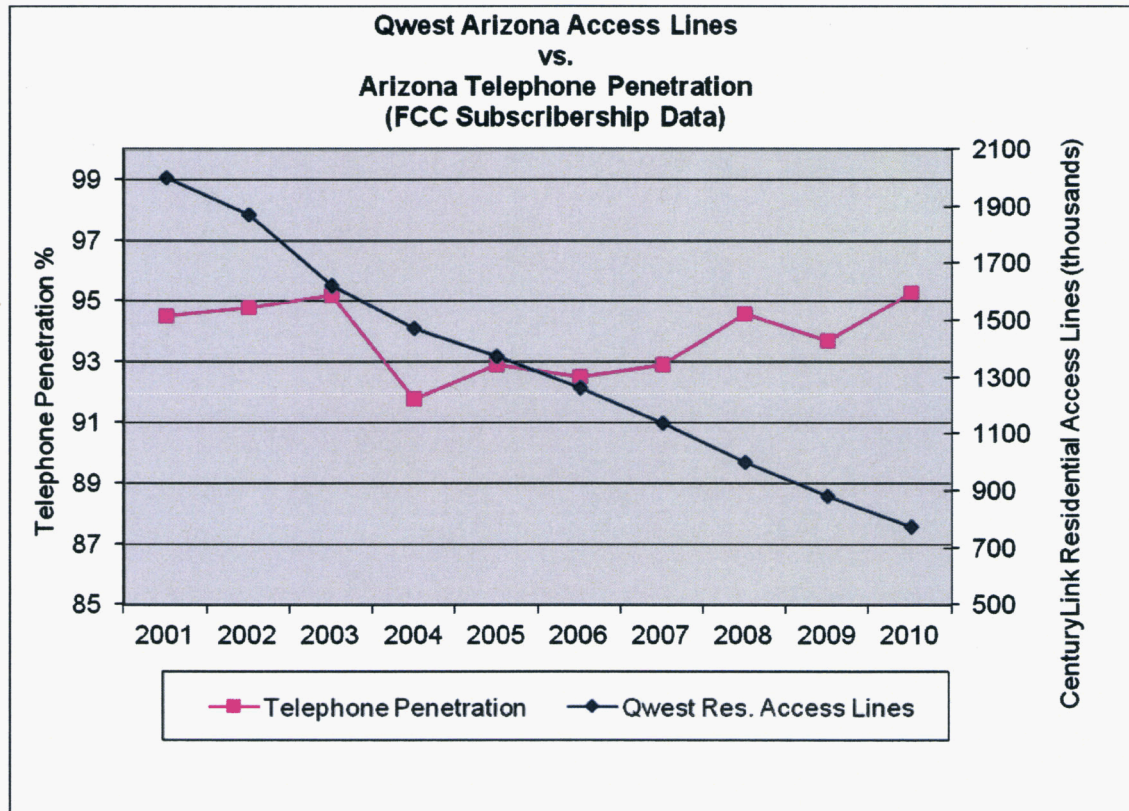


⁹ *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October, 2011, tables 12, 13 & 17.

1
2 The fact that consumers have multiple local service options, including cable telephony,
3 wireless services and VoIP-based services—and have been utilizing these options at an
4 increasing rate—is also revealed by the FCC subscribership penetration data. When the
5 FCC evaluates telephone subscribership (and develops penetration percentages), it
6 considers all local exchange options, including wireless, cable and VoIP—since these are
7 real voice telephone options available to consumers.¹⁰ As delineated in the chart below, in
8 the past decade the telephone subscriber penetration rates in Arizona have remained
9 relatively steady even as CenturyLink has been consistently losing access lines. This
10 demonstrates that if a customer is dissatisfied with CenturyLink's rates (or any other aspect
11 of CenturyLink's service) he or she is likely to move to a competitive option rather than go
12 "phoneless." The following chart shows CenturyLink's decline in Arizona *residential*
13 access lines along with the FCC's Arizona penetration rate since 2000:¹¹
14

¹⁰ The FCC's Current Population Survey ("CPS"), which is used to develop telephone penetration data, asks the following question: "Does this house, apartment, or mobile home have telephone service from which you can both make and receive calls? Please include cell phones, regular phones, and any other type of telephone." And, if the answer to the first question is "no," this is followed up with, "Is there a telephone elsewhere on which people in this household can be called?" If the answer to the first question is "yes," the household is counted as having a telephone "in unit." If the answer to either the first or second question is "yes," the household is counted as having a telephone "available." *Telephone Subscribership In The United States (Data through July 2010)*, Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, Released: May, 2011, pp. 2-3, See: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-306752A1.pdf

¹¹ *Id.*, Table 3.



This chart clearly demonstrates that Arizona consumers have been purchasing cable telephony, wireless or VoIP-based services as a substitute for CenturyLink services.

Q. HAS CENTURYLINK ESTIMATED ITS SHARE OF THE CONSUMER AND SMB¹² VOICE MARKETS IN ARIZONA?

A. Yes. CenturyLink retained the consulting firm *Centris* to estimate voice market share for CenturyLink and its competitors in the consumer, small business and mid-sized business market in Arizona.

¹² Small and Medium sized business

1 **Q. PLEASE DESCRIBE CENTURYLINK'S CONSUMER MARKET SHARE DATA**
2 **FOR ARIZONA.**

3 A. The *Centris* data is based on occupied households within the CenturyLink serving area in
4 Arizona, and shows the share of these households that purchase voice service from
5 CenturyLink, cable companies, other VoIP providers and CLECs. *Centris* also identifies
6 occupied households without any voice service. *Centris* summarizes its methodology as
7 follows:

8
9 Centris provides a data collection, data integration, modeling and reporting
10 platform for computing estimates of market size, market share and associated
11 metrics at local levels of geography. A number of these metrics are estimated by
12 provider: (1) This platform combines extensive market research with industry
13 analysis to ensure that the *Centris* estimates line up with published business
14 intelligence, company reports and other market and industry analyses; (2) The
15 process uses multiple layers of geography to provide projections of behavior by
16 provider and location; (3) For all product areas, *Centris* starts with assigning
17 occupied households to the Legacy Qwest footprint and then overlays cable
18 boundaries to provide the ability to look at Legacy Qwest by competitor. (4)
19 Absolute subscriber numbers and detailed flow share analysis are readily
20 available. For voice, *Centris* uses over a million LIDB (Line Information
21 Database) lookups to determine phone provider by local geography. Next
22 *Centris* uses Legacy Qwest subscribers, surveys and other data to set state and
23 footprint level constraints. Then *Centris* models voice demand (ILEC, CLEC,
24 cable voice, wireless only, VoIP)

25
26 The Confidential Version of my testimony which follows discloses data that *Centris*
27 developed using the methods described above; it does not rely on carrier confidential
28 information from the Applicant or from the other carriers. The confidentiality protection is
29 asserted to protect *Centris*' proprietary work product.

30
31 The data demonstrate that the CenturyLink share of the consumer voice market has been
32 declining over the past several quarters, and that as of the third quarter of 2011,

1 CenturyLink provided voice service to [begin confidential] [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [end confidential] It is important to note that the “wireless only” share includes only
14 households that do not have wireline services at all; thus, the many CenturyLink
15 households with both a wireline and wireless phone are included in the CenturyLink
16 wireline share.¹³ Significantly, Cox Communications’ share of the Arizona voice market is
17 [begin confidential] [REDACTED] [end confidential] I
18 will Discuss Cox in more detail later in my testimony.

19
20 Note that the CLEC and VoIP shares in the *Centris* consumer share study are small. The
21 CLEC share is small because (1) it does not include the cable providers such as Cox, who

¹³ The CenturyLink share estimated in the *Centris* study is higher than the 18.4% ILEC share estimated with the FCC data primarily because the *Centris* study counts CenturyLink households that have both a wireline phone and a wireless phone as a wireline household. The FCC share is based on an analysis that counts each wireline and wireless connection separately, regardless of whether or not the household has both wireline and wireless service. Thus, if a household has a wireline phone and a wireless phone, the FCC analysis would count one wireline connection and one wireless connection, rather than simply one wireline connection. In addition, there may be some differences in the characteristics of CenturyLink and other ILEC areas.

1 are stated separately, and (2) most of the traditional CLECs operating in Arizona are
2 focused on marketing services to business customers rather than the consumer market. The
3 VoIP share is small because it does not include cable providers such as Cox who may
4 provide managed VoIP services.¹⁴

5
6 **Q. HAS CENTRIS IDENTIFIED RECENT TRENDS IN THE CONSUMER VOICE**
7 **MARKET IN ARIZONA?**

8 A. Yes. Recent trends in the *Centris* consumer study are delineated in Confidential Exhibit
9 RHB-1. This exhibit provides CenturyLink share data for several quarters, and also shows
10 the share for each cable provider. This exhibit demonstrates the trend of declining
11 CenturyLink share, along with increasing cable and wireless-only share.

12
13 **Q. WHAT DO YOU CONCLUDE REGARDING THE CONSUMER MARKET?**

14 A. Roughly two-thirds of the consumer households in the CenturyLink serving area in Arizona
15 are not utilizing CenturyLink for voice services. This is clearly a very competitive market
16 where alternative providers are successfully offering functionally equivalent or substitute
17 services that have allowed these providers to gain significant market share at the expense of
18 CenturyLink. In this environment, CenturyLink has very limited market power.

19
20 **Q. HAS CENTRIS IDENTIFIED ANY MARKET SHARE DATA FOR THE SMALL**
21 **AND MEDIUM BUSINESS (“SMB”) VOICE MARKET IN ARIZONA?**

22 A. Yes. *Centris* has estimated the share of the Arizona *wireline* voice market for CenturyLink
23 (legacy Qwest) and its competitors.¹⁵ However, importantly, this study does not show the

¹⁴ Managed VoIP services utilize private networks, and do not traverse the public internet.

¹⁵ Legacy CenturyLink entities do not provide service in Arizona.

1 impact of wireless competition in the SMB market, and therefore does not include a full
2 analysis of the entire SMB voice market. The study shows that for the second quarter of
3 2011, the CenturyLink share of the small business *wireline* voice market was [begin
4 confidential] [REDACTED] [end confidential] and the CenturyLink share of the medium business
5 wireline market was [begin confidential] [REDACTED]¹⁶ [end confidential] While this data
6 provides a picture of the wireline SMB market, it is entirely reasonable to assume that
7 many small businesses also utilize wireless service in their businesses. Therefore, these
8 wireline market shares, if unadjusted for wireless, grossly overstate CenturyLink's share of
9 total voice connections in the SMB market.

10
11 The major wireline competitors in these markets are Cox, Integra, XO and tw telecom. I
12 will discuss these competitors later in my testimony. Confidential Exhibit RHB-2 includes
13 the *Centris* wireline market share data for the small and medium-sized business markets.

14
15 **Q. ACCORDING TO THE *CENTRIS* DATA, THE CENTURYLINK MARKET**
16 **SHARE IS LARGER THAN THE SHARE IN THE CONSUMER MARKET. DOES**
17 **THAT MEAN THAT THE SMB MARKET IS NOT COMPETITIVE?**

18 **A.** No. First, as described above, the *Centris* SMB data does not include the impact of
19 wireless services in the SMB market. However, even if CenturyLink retains a larger share
20 of the SMB voice market than of the consumer market today, the market segment is
21 nonetheless very competitive, and CenturyLink has already lost a significant share to
22 competitors such as Cox, Integra, XO, tw telecom, Level 3 and PAETEC. Numerous
23 CLECs offer functionally equivalent or substitute services and compete vigorously with

¹⁶ Small business is defined as firms spending <\$1,500 / month (ex-wireless) and Mid Markets are firms spending between \$1,500 and \$5,000/ month (ex-wireless)

1 CenturyLink in this segment, and CenturyLink's market power is constrained. I will
2 describe some of these competing providers below.
3

4 **Q. HAS CENTURYLINK CONDUCTED A MARKET SHARE ANALYSIS FOR THE**
5 **LARGE BUSINESS VOICE MARKET IN ARIZONA?**

6 A. CenturyLink has not conducted a market share analysis of the large business market that is
7 *specific* to Arizona. However, the large business (Enterprise) market should be viewed
8 within a larger context, since many large business customers operate in multiple states,
9 sometimes with nationwide telecommunications contracts. CenturyLink does have data
10 from market research firms that show the nature of the large business market, and provide
11 national market share estimates. National research firm IDC has found that in 2011, AT&T
12 and Verizon dominated the national large business *voice* segment, with market shares of
13 [begin confidential] [REDACTED] [end confidential] respectively. The legacy Qwest entity
14 held a share of only [begin confidential] [REDACTED] [end confidential] of the voice market with
15 Sprint and XO holding [begin confidential] [REDACTED] [end confidential]. Similarly,
16 research firm Atlantic ACM found that in 2010, AT&T held [begin confidential] [REDACTED]
17 [end confidential] of the business total *wireline* market while Verizon held [begin
18 confidential] [REDACTED] [end confidential] of this market, and CenturyLink [begin confidential]
19 [REDACTED] [end confidential]
20

21 **Q. HAS THE COMMISSION PREVIOUSLY DETERMINED THAT THE**
22 **ENTERPRISE MARKET IN ARIZONA IS COMPETITIVE?**

23 A. Yes. In a proceeding to consider the CC&N for QCC, the Commission determined that
24 QCC's entry into the large business market would enhance competition, by providing
25 competition for the two dominant firms in the market, Verizon and AT&T:

1 Staff stated in its Supplemental Testimony that given the competitive nature
2 of the Enterprise Market in the larger metropolitan areas in Arizona, QCC's
3 entry into that market should not have an adverse impact on competition [.]¹⁷

4 In the recent CenturyLink-Qwest merger proceeding, CenturyLink and Qwest witnesses
5 explained that the merger would help competition in Arizona because the combined
6 company would be better able to compete in the large business market with AT&T and
7 Verizon:

8
9 **Q. WILL THE COMBINED ENTITY BE BETTER ABLE TO**
10 **COMPETE IN THE NATIONAL TELECOMMUNICATIONS**
11 **MARKET?**

12 A. Yes. From a national perspective, the combined company will be
13 significantly larger than each company alone, and as described above
14 and in the testimony of Mr. Glover, will have significantly more
15 financial resources and an enhanced ability to attract capital. These
16 resources, along with increased scale and scope, will allow the combined
17 entity to adapt to changes in the marketplace, and to better compete
18 nationally with the larger well-capitalized players in the market such as
19 AT&T, Verizon, Comcast and many others. In particular, the post-
20 merger entity will have more resources to compete with AT&T and
21 Verizon in the enterprise business market. For total year 2009, Qwest
22 total Business Markets Group revenues were \$4.09 billion, compared to
23 business revenues of \$14.74 billion for AT&T and \$14.98 billion for
24 Verizon. In terms of business revenues for 10 of Qwest's top
25 competitors, Qwest's share of the business market is less than 10%,
26 compared to 33% each for AT&T and Verizon. The Transaction will
27 provide the post-merger entity with the additional financial strength,
28 scale and scope economies and geographic coverage to better compete
29 with these providers, offering state-of-the-art innovative services to large
30 business and government customers throughout the country.¹⁸ (footnotes
31 omitted)

32

¹⁷ Decision No. 68447, Paragraph 58.

¹⁸ Testimony of Mr. James P. Campbell on behalf of Qwest, DOCKET NO. T-01051B-10-0194, et al, May 21,
2010, pages 14-15.

1 **Q. WHAT DO YOU CONCLUDE?**

2 A. The large business or Enterprise voice market is still dominated by Verizon and AT&T,
3 and CenturyLink is clearly not dominant in this market. Customers have the alternative to
4 purchase services from AT&T, Verizon, CenturyLink and other carriers who are
5 increasingly focused on the large business market, such as Cox, tw telecom, XO, PAETEC,
6 Level 3 and others. CenturyLink does not possess market power in this segment.

7
8 I will now describe the competitive market in Arizona in more detail.

9
10 **2. Wireline competition**

11 **a. Cable Telephony**

12
13 **Q. PLEASE DESCRIBE TELEPHONE COMPETITION BY CABLE COMPANIES IN**
14 **ARIZONA.**

15 A. Cable companies provide phone service (along with video and high speed internet)
16 throughout CenturyLink's Arizona serving territory. Cox is the major cable company,
17 offering digital telephone and broadband service to customers in many parts of the state,
18 including the greater Phoenix and Tucson areas. Other cable companies operating in
19 Arizona that provide telephone service include Comcast, Time Warner Cable, Cable One,
20 Mediacom and Suddenlink. Comcast serves some areas north of Tucson; Time Warner
21 Cable serves the Yuma area; Cable One serves many mid sized cities such as Chino Valley,
22 Cottonwood, Globe/Miami, Safford and Winslow; Mediacom serves Nogales; and
23 Suddenlink serves the Flagstaff and Sedona areas. As shown in Confidential Exhibit RHB-
24 3, the data available to CenturyLink shows that cable telephony service is now available to

1 customers in at least 116 of CenturyLink's 132 wire centers in Arizona,¹⁹ and these wire
2 centers comprised 98.4% of CenturyLink's access lines in Arizona as of December 31,
3 2010.²⁰ Thus, cable telephone service is now available to the vast majority of CenturyLink
4 customers in Arizona.

5
6 **Q. HOW DO CABLE COMPANIES PROVIDE VOICE SERVICE IN ARIZONA?**

7 A. Cable companies provide telephone service over their own coaxial/fiber facilities, and
8 sometimes partner with wholesale providers such as Level 3 to offer a complete array of
9 local telephone services. The voice services provided via cable telephony include local
10 calling, long distance calling and calling features, and are functionally equivalent to the
11 services that are offered by CenturyLink. Some cable providers use VoIP-based
12 technology, but these are managed services that do not utilize the public internet. For
13 example, Cox claims that "Cox Digital Telephone is not an Internet telephone service.
14 Rather, in some markets, it uses Internet Protocol (IP) technology to transport phone calls
15 over its private, managed IP-based data network, never transversing the public Internet or
16 even requiring a broadband connection."²¹ Since cable telephony providers utilize their
17 own networks and facilities, they do not rely on CenturyLink wholesale network elements
18 in the provision of their telephone services.

19
20 Cox, Cable One, Suddenlink, Time Warner and other cable companies offer a broad range
21 of telecommunications services to residential and business customers in Arizona, as

¹⁹ Based primarily on FCC data, with input from a database provided by Pitney-Bowes, provider web sites and CenturyLink field teams.

²⁰ While cable providers serve at least some customers in these communities, each company may not offer services to all of the areas served by CenturyLink in each wire center.

²¹ Cox Digital Telephone Fact Sheet, See: <http://cox.mediaroom.com/index.php?s=65>

1 described below. These offerings demonstrate that cable service providers see the
2 provision of telephone service as a key ingredient in their strategy to expand their customer
3 bases and improve revenue streams by driving up the number of customers purchasing
4 multiple services in addition to cable television service.

5
6 **Q. HOW DOES COX COMMUNICATIONS ("COX") COMPETE WITH**
7 **CENTURYLINK IN ARIZONA?**

8 A. Cox is the third largest cable company in the U.S., with 6 million cable subscribers, 3.9
9 million high speed internet customers and over two million digital voice customers.²² Cox
10 claims to be one of the largest cable telephony providers in the United States, and connects
11 more than 50 million phone calls per day on its network.²³ In Arizona, Cox provides
12 service to residential and business customers throughout the Phoenix and Tucson
13 metropolitan areas. Confidential Exhibit RHB-3 shows the CenturyLink wire centers that
14 are served by Cox Communications.²⁴ Based on this data, Cox serves a geographic area
15 within Arizona encompassing 83 CenturyLink wire centers that account for approximately
16 81.6% of the CenturyLink retail access lines in Arizona.²⁵ Cox competes with
17 CenturyLink via its extensive hybrid coaxial cable and fiber network, along with Cox-
18 owned switches. Cox has described its operation in Arizona as follows:

19
20 Cox Communications serves nearly 3 million residential and business product
21 subscribers in Arizona (a product subscriber represents an individual service

²² <http://cox.mediaroom.com/index.php?s=65>, visited 1-17-12

²³ Id.

²⁴ The data in Confidential Exhibit RHB-3 is based primarily on FCC data (see: <http://transition.fcc.gov/mb/engineering/liststate.html>) with input from a database provided by Pitney-Bowes, provider web sites and CentruyLink field team observations.

²⁵ While Cox at least some customers in each these wire centers, it may not offer services to all geographic areas within each wire center.

1 purchased by a customer). In metro Phoenix, Cox serves approximately 2.5
2 million product subscribers. In Southern Arizona, Cox serves approximately
3 400,000 product subscribers. Cox's 18,000-mile hybrid fiber coaxial cable
4 network throughout Phoenix and Southern Arizona provides homes and
5 businesses with digital television, high speed Internet, home networking, high
6 definition television and digital telephone service. Cox Arizona offers integrated
7 wireless services too.²⁶
8

9 Since Cox is a private company, it is not required to release financial information publicly,
10 and thus CenturyLink does not have access to detailed financial or operating data for Cox
11 operations. However, consistent with Cox's claim of serving nearly 3 million product
12 subscribers in Arizona, CenturyLink estimates that Cox provides voice services to well
13 over 500,000 residence and business customers in the state.
14

15 Cox offers a broad range of telecommunications services to residential, small business and
16 Enterprise business customers in its serving area, and has enjoyed significant success in
17 marketing its Digital Telephone service to these residential and business customers.
18

19 **Q. PLEASE DESCRIBE HOW COX COMPETES WITH CENTURYLINK IN THE**
20 **CONSUMER MARKET.**

21 A. Cox Communications has become a major competitor of CenturyLink in the voice, video
22 and high speed internet markets in Arizona. Focusing just on the voice market, *Centris*
23 estimates that as of the second quarter of 2011, Cox served [begin confidential] [REDACTED]
24 [end confidential] consumer voice lines in Arizona,²⁷ as compared to the 719,000 consumer
25 lines served by CenturyLink in Arizona for the same time period. Thus, Cox alone has
26 gained almost half of the consumer wireline voice market in Arizona. The huge presence
27 of Cox in the Arizona consumer voice market *by itself* clearly demonstrates that

²⁶ See: http://www.cox.com/arizona/press/i/Cox_PressKit_v24.pdf, visited 1-17-12

²⁷ This is consistent with Cox's claim that it has 2.5 million product subscribers in Arizona, as noted above.

1 CenturyLink is no longer the dominant voice provider in the state. There is no basis to
2 regulate CenturyLink more heavily than Cox, when Cox now holds almost half of the
3 consumer voice market in Arizona.
4

5 **Q. PLEASE DESCRIBE THE SERVICES COX OFFERS TO RESIDENTIAL**
6 **SUBSCRIBERS.**

7 A. Cox provides voice services that are directly comparable to CenturyLink voice services in
8 terms of price and functionality. Cox claims that "Customers typically save up to \$120 a
9 year with Cox Digital Telephone compared to services from companies such as AT&T,
10 Owest, Verizon and Centurylink."²⁸ Cox offers its "Essential Plan" that includes unlimited
11 local calling, Busy Line Redial, Caller ID, Call Waiting and Call Waiting ID for only
12 \$19.99 per month, with free installation. Cox also offers a "Premier Plan" for \$34.99 per
13 month which includes unlimited local *and long distance* calling, the features listed above,
14 plus Voice Mail, Call Forwarding, Call Forwarding-Busy, Call Forward-No Answer, Call
15 Return, Priority Ringing, Three Way Calling, Selective Call Acceptance, Selective Call
16 Forward and Selective Call Rejection, along with free installation.²⁹
17

18 **Q. ARE THESE OFFERINGS COMPARABLE TO THE SERVICES OFFERED BY**
19 **CENTURYLINK IN ARIZONA?**

20 A. Yes. CenturyLink offers stand-alone residential local exchange service, with unlimited
21 local calling with no calling features for \$13.18, with added charges for a la carte
22 features.³⁰ Like Cox, CenturyLink offers packages that include features and long distance

²⁸ Cox Digital Telephone Fact Sheet, See: <http://cox.mediaroom.com/index.php?s=65>

²⁹ See: <http://ww2.cox.com/residential/arizona/phone/phone-plans.cox>, visited 1-17-12.

³⁰ For example, the a la carte charge is \$9.00 for Caller ID Name and Number and \$4.80 for Call Waiting (Price Cap Tariff No. 2, Section 5.4.3).

1 calling. The CenturyLink Home Phone package, priced at \$35 per month, includes local
2 service with unlimited calling plus eleven features. The customer may specify features or
3 order the recommended package that includes Caller ID, Call Waiting ID, Voice Mail,
4 Three Way Calling, Last Call Return, Call Rejection, Call Forwarding, Easy Access, No
5 Solicitation, Call Following (Remote Access Call Forwarding), and Selective Call
6 Forwarding.³¹ The CenturyLink Home Phone Unlimited plan offers unlimited local and
7 long distance calling plus the eleven features for \$45 per month.

8
9 **Q. DOES COX HAVE "THE ABILITY . . . TO MAKE FUNCTIONALLY**
10 **EQUIVALENT OR SUBSTITUTE SERVICES READILY AVAILABLE AT**
11 **COMPETITIVE RATES, TERMS, AND CONDITIONS" AS DEFINED BY RULE**
12 **1108(E)?**

13 A. Absolutely. Cox offers services that are functionally equivalent and directly substitutable
14 with CenturyLink services. Both carriers offer basic local calling, and packages that
15 include features and/or unlimited long distance. These offerings are viewed as functionally
16 equivalent substitutes by consumers, and are priced at levels that are designed to compete
17 with each other.

18
19 **Q. DO COX AND CENTURYLINK BOTH OFFER BUNDLES OF SERVICES AT**
20 **DISCOUNTED RATES?**

21 A. Yes. Both Cox and CenturyLink offer discounts for customers that bundle telephone
22 service with high speed internet and video services. Cox offers bundles of phone, internet
23 and video service for as low as \$75 per month for the first six months and \$100.96

³¹ Price Cap tariff No. 2, Section 5.9.1, or see:
https://shop.centurylink.com/MasterWebPortal/freeRange/shop/ShopNC_viewNCBundlesPage?Phone=true

1 thereafter.³² CenturyLink offers bundles of phone, internet and video (DirecTV) for as low
2 as \$94.94 per month. Both companies offer additional bundles with added functions (e.g.,
3 faster internet speeds, more video channels) at higher prices. Cox and CenturyLink market
4 bundles to attract and retain customers, and such offerings are the hallmark of a
5 competitive market.
6

7 **Q. DOES COX COMPETE WITH CENTURYLINK IN THE BUSINESS MARKET IN**
8 **ARIZONA?**

9 A. Yes. While in its early years Cox primarily provided phone service to residential
10 customers, it has increasingly focused on expanding its reach to the businesses market. In
11 fact, Cox has established a separate marketing division, Cox Business Services, focused
12 *specifically* on the small, medium and Enterprise business market segments. In December
13 2010, it announced that "Cox Business, the company division that provides voice, data and
14 video services for business customers, will surpass \$1 billion in annual revenue by the end
15 of this week."³³ Cox Business provides voice, data and video services for "more than
16 260,000 small and regional businesses, including healthcare providers, K-12 and higher
17 education, financial institutions and federal, state and local government organizations" and
18 claims that it "is currently the seventh largest voice service provider in the U.S. and
19 supports more than 800,000 business phone lines."³⁴
20

³² https://secure.cox.com/service/Store/OrderNow.aspx?ft=y&cc=sa-all_addressform&campcode=sa-all_addressform&address=&apt=&zip=85016

³³ Cox Press Release, 12-10-10. See: <http://cox.mediaroom.com/index.php?s=43&item=519>

³⁴ Cox Press Release, 12-10-10. See: <http://cox.mediaroom.com/index.php?s=43&item=519>

1 **Q. HAS COX GAINED A SIGNIFICANT SHARE OF THE BUSINESS MARKET IN**
2 **ARIZONA?**

3 A. Yes. According to the *Centris* data, *when considering just wireline services*, Cox has
4 realized an [begin confidential] [REDACTED] [end confidential] share of the small business market
5 and an [begin confidential] [REDACTED] [end confidential] share of the mid-size business market
6 in Arizona. Cox is also actively markets services in the Enterprise (large business) market,
7 although CenturyLink does not have data available to define Cox's share of this market.
8

9 **Q. WHAT TYPES OF SERVICES DOES COX OFFER TO BUSINESS CUSTOMERS?**

10 A. Cox is offering voice telephone service, digital trunks, Centrex service, long distance and
11 "toll free" services, private line service (DS1, DS3 and OC3 to OC192), transparent LAN
12 service, virtual private network service, metro and optical ethernet and business video
13 service in Arizona.³⁵ The "Cox Business" website describes the many options available to
14 business customers of all sizes. Cox focuses on the real estate, government and education
15 sectors, as well as other businesses.
16

17 To illustrate Cox's presence in the Phoenix MSA business market, the Cox website
18 contains a number of "case studies" that describe business customers that purchase Cox
19 services in Phoenix, as well as in other parts of its United States serving area. For example,
20 Cox inked a contract with Shea Properties, a major real estate firm in the Phoenix area.
21 The following description appears on the Cox Website:
22

³⁵ See: <http://ww2.cox.com/business/arizona/home.cox>, , visited 6-17-11.

Shea Properties

Scottsdale, Arizona

History: "Partnering with Cox Business has increased the value of our projects because it's provided a service the buyers and tenants want, which is essential for their businesses." *Jim Riggs - President, Shea Commercial Properties*

Services Provided: PRI Digital T-1, Full T-1 to Internet, Flat Business Telephone Line, Cox Business InternetSM

Located in Scottsdale, Arizona, Shea Commercial Properties is the largest office, condominium developer and brokerage firm in the greater metropolitan Phoenix area, with properties in Arizona and Nevada. Standing out in a crowded market is important to developers, and Shea wanted to provide tenants with offices that were fully equipped with a variety of Voice, TV and Data services. Shea needed a reliable, responsible carrier to provide that support.

Solutions: Cox Business' broadband telecommunications platform provided the high-quality, scalable services Shea's tenants required without high upfront costs or long installation delays. So the companies partnered together to design, build and market the communications infrastructure for a new Shea development, a 16-building complex called Sundown Ranch.

Cox Business acquired the necessary easements and approvals to pull broadband wiring onto the property, while advising Shea on how best to wire each building. Shea incorporated sufficient space for Cox Business' interior and exterior equipment into the site plan. Cox Business then worked with the new tenants from the beginning to develop specific programs that fit their respective needs. That was a tremendous selling point for Shea and a great benefit to the tenants.³⁶

Cox has also signed a contract to provide "state-of-the art" facilities to the Phoenix school district:

³⁶ See: <http://ww2.cox.com/business/arizona/industries/real-estate/cs-rea-sheaproperties.cox>

1 **Phoenix Elementary School District**

2 Phoenix, Arizona

3
4 History: Cox Communications® brings state-of-the-art connectivity to the Phoenix
5 Elementary School District.

6
7 At the simple click of a mouse or tap of a computer key, students in the Phoenix
8 Elementary School District have the world at their fingertips at the highest possible
9 Internet speed available thanks to a new partnership with Cox Business. Cox Business
10 just inked a deal with the Phoenix Elementary School District to provide the district's
11 connectivity, meaning high speed Internet beginning in July.

12
13 Solutions: "This partnership so greatly increases connectivity and bandwidth size that
14 when teachers use the Internet as an instructional tool, the speed will increase by 100
15 percent and in some cases even faster. It's a phenomenal tool for the students to use in
16 the classrooms," says Tom Lind, the director of instructional technology for the
17 district.

18
19 There are 15 schools in the Phoenix Elementary School District and a number of
20 administrative offices and sites, which Cox Business will link together. The schools
21 will communicate back and forth on a private network that links them together, and
22 will allow information to go out to all of the district's schools simultaneously from a
23 central location.

24
25 "Cox is very pleased to be providing high speed Internet services and state-of-the-art
26 technology to the students and teachers of Arizona. This is a win-win partnership for
27 everyone, especially and most importantly the students," says Mike Petty, vice
28 president for Cox Business.

29
30 Results: There are approximately 7,900 students in the Phoenix Elementary School
31 District and 500 teachers. It's the oldest school district in Phoenix, which will now be
32 outfitted with the newest and best possible technology. Just last week, J.D. Power and
33 Associates' released its 2006 Major Provider Business Telecommunications Data
34 Services StudySM. It ranked Cox Business the "Highest in Business Satisfaction
35 With Small/Midsize Data Service Providers" in the nation.³⁷

36
37 This provides just a sampling of Cox's presence in the Arizona business and government
38 market. Of course CenturyLink's marketing department is well aware of the competitive

³⁷ See: <http://ww2.cox.com/business/arizona/industries/education/cs-edu-phoenixelementary.cox>

1 pressures applied by Cox in the Phoenix MSA, as CenturyLink is competing every day
2 with Cox. In fact, CenturyLink has lost numerous competitive bids to Cox in the Phoenix
3 MSA, especially in the government and education sector.
4

5 **Q. DOES COX POST PRICES FOR ITS BUSINESS SERVICES ON ITS WEB SITE?**

6 A. Cox does post prices for some basic business voice plans on its web site, but in many cases,
7 Cox, like CenturyLink, provides services to businesses on a contract basis. Therefore,
8 unlike in the consumer market, it is difficult to directly compare prices on a public basis.
9

10 **Q. WHAT OTHER CABLE COMPANIES COMPETE WITH CENTURYLINK IN**
11 **THE ARIZONA VOICE MARKET?**

12 A. As described above, CenturyLink competes with Cable One, Suddenlink, Comcast and
13 Time Warner in Arizona. Confidential Exhibit RHB-3 shows the wire centers where these
14 providers compete with CenturyLink. In the areas each company serves, they offer voice
15 services (along with cable and high speed internet) to residence and business customers.
16 Like Cox, they offer packages and bundles that directly compete with CenturyLink's
17 offerings. For example, in Flagstaff, Suddenlink offers voice service bundled with high
18 speed internet service for \$75.00 per month and voice service bundled with video for
19 \$80.00 per month (for the first twelve months).³⁸ In Yuma, Time Warner offers voice
20 services for \$29.99 per month for unlimited local calling and features, \$39.99 per month for
21 unlimited in-state calling and features, and \$49.99 per month for unlimited nationwide
22 calling and features. Voice service is only available if the customer also has internet or
23 video service.³⁹

³⁸ See: <http://www.suddenlink.com/telephone/>, visited 1-17-12.

³⁹ See: <http://www.timewarnercable.com/Yuma-ElCentro/support/ratespricing.html>, visited 1-17-12.

1
2 **Q. WHAT DO YOU CONCLUDE REGARDING CABLE TELEPHONY**
3 **COMPETITION IN ARIZONA?**

4 A. It is clear that the economic conditions in the telephone market in Arizona have been
5 greatly impacted by the cable industry's push into the voice market. With voice, cable TV
6 and high speed internet, cable companies can offer a full bundle of services using their own
7 facilities. As demonstrated above, cable providers—especially Cox—have gained a
8 significant and growing share of the voice market by offering “functionally equivalent or
9 substitute services readily available at competitive rates, terms and conditions.”
10

11 **b. Other Competitive Local Exchange Providers (“CLECs”)**
12

13 **Q. WHAT OTHER WIRELINE PROVIDERS COMPETE WITH CENTURYLINK IN**
14 **THE ARIZONA VOICE MARKET?**

15 A. According the data on the Commission's web site, there are almost 70 CLECs certificated
16 to provide competitive telecommunications services in Arizona⁴⁰ and almost 60 Resale
17 Local Exchange Carriers (“RLECs”) certificated to provide resold CenturyLink services in
18 Arizona.⁴¹ While not all certificated providers currently offer voice services in Arizona, in
19 addition to Cox and other cable providers, CenturyLink believes there are at least 40
20 unaffiliated CLECs⁴² actively competing with CenturyLink for customers in Arizona,
21 including AT&T, Verizon, Integra, PAETEC, XO Communications, Level 3, tw telecom,

⁴⁰ See: http://www.azcc.gov/Divisions/Utilities/Utility_List/clec_list.pdf

⁴¹ See: http://www.azcc.gov/Divisions/Utilities/Utility_List/rlec_list.pdf

⁴² This number counts a CLEC with multiple subsidiaries only once. For example, Mountain Telecommunications, Electric Lightwave and Eschelon are all subsidiaries of Integra, and are counted as only one provider.

1 Granite, 360 Networks and many smaller CLECs. *Most* of these CLECs are primarily
2 focused on serving business customers. In many cases these carriers provide service using
3 their own facilities and in other cases they provide service via the leasing of CenturyLink
4 facilities (e.g., resale, CenturyLink Local Services Platform ("CLSP") or Unbundled Loops
5 (UNE-L). CLECs are serving business and governmental customers of virtually all sizes.
6 Confidential Exhibit RHB-4 provides data obtained by CenturyLink from Pitney-Bowes,
7 which shows the CLECs that are operating in each CenturyLink Arizona wire center.⁴³
8 The data show that CLECs are competing in each of the 132 wire centers in the
9 CenturyLink Arizona serving area, and in most cases, there are multiple CLECs providing
10 service in each wire center.

11
12 I will now briefly describe a few of the many CLECs that compete with CenturyLink in
13 Arizona.

14
15 **Q. PLEASE DESCRIBE HOW INTEGRA COMPETES WITH CENTURYLINK.**

16 A. Integra—who acquired Eschelon, Mountain Telecommunications and Electric
17 Lightwave—is now a major player in the Arizona business market. While Integra is
18 focused on the Phoenix and Tucson markets, it has a presence in the vast majority of
19 CenturyLink's wire centers in Arizona. Integra is a facilities-based CLEC providing a
20 range of services to small, medium and Enterprise business customers, including voice
21 services (basic business voice lines, long distance services, ISDN PRI, SIP Solutions), high
22 speed internet access, dynamic T-1 bundles, Ethernet services, MPLS VPN, Private Line,

⁴³ Please note that some cable providers are included in the Pitney-Bowes data.

1 Server Collocation, Managed PBX Services and Private line services.⁴⁴ According to

2 Integra:

3
4 Integra Telecom Inc. connects business by providing enterprise-grade
5 networking, communications and cloud solutions to business and carrier
6 customers in 11 Western states, including: Arizona, California, Colorado,
7 Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and
8 Washington. The company owns and operates a nationally acclaimed, best-in-
9 class fiber-optic network consisting of a 5,000-mile high-speed long-haul fiber
10 network and a 3,000-mile metropolitan access network including
11 approximately 1,900 fiber-fed buildings.⁴⁵
12

13 Regarding the Arizona market, Integra has stated:

14
15 Integra Telecom has served the Phoenix business community since 2006 when it
16 acquired the customers and network assets of Electric Lightwave. Integra furthered its
17 presence in the Arizona market in 2007 upon acquiring Eschelon Telecom. Integra
18 Telecom of Arizona now employs more than 200 telecom professionals in its Phoenix
19 office who deliver the company's unique brand of local customer service. The
20 competitive telecom provider offers businesses a full range of business-class
21 telecommunications products ranging from business phone lines to broadband
22 Internet and private network solutions in more than twenty communities within the
23 greater Phoenix metropolitan area.
24

25 Integra Telecom is one the largest competitive telecom providers in the nation,
26 serving more than 130,000 businesses in 11 primarily Western states.
27

28 Integra Telecom Inc. . . . has expanded its best-in-class fiber-optic network to four
29 new Central Arizona communities, including Paradise Valley, areas of northern
30 Phoenix, Scottsdale and Chandler. Integra's latest expansion, combined with its
31 recent Broadband Internet launch, increases the company's reach to include nearly
32 30,000 new businesses and represents a \$5 million investment in the company's
33 Arizona telecom infrastructure.⁴⁶

⁴⁴ See: <http://www.integratelecom.com/products/>, visited 1-23-12.

⁴⁵ Integra Press release, January 19, 2012. See:
http://www.integratelecom.com/about/news/press_release_articles/20120120_Integra_NationwideVoice.pdf, visted
1-23-12.

⁴⁶ Integra Press Release, August 24, 2009, see:
[http://www.integratelecom.com/about/news/press_release_articles/Summer%2009_Arizona%20Expansion_FINAL](http://www.integratelecom.com/about/news/press_release_articles/Summer%2009_Arizona%20Expansion_FINAL.pdf)
[pdf](http://www.integratelecom.com/about/news/press_release_articles/Summer%2009_Arizona%20Expansion_FINAL.pdf), visited 1-24-12.

1 Integra has been expanding its reach in Phoenix and elsewhere, in order to serve small,
2 medium and large business customers:

3
4 In the first half of the year (2011), Integra has extended its fiber network to nearly
5 300 additional commercial buildings – marking a 20 percent increase in on-net
6 buildings since the beginning of the year. The push to expand its network and
7 increase the number of fiber-fed buildings is part of Integra's approach to support the
8 needs of **enterprise-level** customers that demand sophisticated, high-capacity, fiber-
9 based solutions. "Integra has grown by providing service to thousands of **small-to-**
10 **medium sized business customers**," said Steve Zimba, chief marketing officer of
11 Integra Telecom. "Now we are aggressively augmenting our world-class fiber
12 network in order to serve demanding, high bandwidth customers such as data centers,
13 regional headquarters and multi-tenant business parks." This expansion is part of
14 Integra's \$52 million year-long plan to leverage its fiber network to provide
15 wholesale, enterprise and carrier-class high bandwidth products and services.⁴⁷

16
17 **Q. HOW DOES TW TELECOM COMPETE WITH CENTURYLINK IN ARIZONA?**

18 A. tw telecom (which changed its name from Time Warner Telecom on July 1, 2008) is a
19 facilities-based CLEC operating in 75 markets encompassing 30 states, including the
20 Phoenix and Tucson areas.⁴⁸ tw telecom provides services to all sizes of business, but is
21 increasing focused on the Enterprise market. It provides voice services, Ethernet services,
22 IP and managed services, security services and transport and wavelength services.⁴⁹ tw
23 telecom describes itself as follows:

24
25 For nearly 20 years, **tw telecom** has delivered managed data, Internet and voice
26 networking solutions to businesses and large organizations throughout the U.S. As
27 one of the three largest providers of Business Ethernet in the nation, we connect more
28 commercial buildings to our national fiber network than anyone else. We provide
29 managed network services specializing in Business Ethernet, IP VPN, converged,

⁴⁷ Integra Press release, July 25, 2011. See:
http://www.integratelecom.com/about/news/press_release_articles/Fiber%20Expansion%20press%20release_FINAL%207.21.11.pdf, visited 1-23-12

⁴⁸ See: <http://www.twtelecom.com/why-tw/>, visited 1-23-12.

⁴⁹ See: <http://www.twtelecom.com/telecom-solutions/voice-solutions/>, visited 1-23-12

Internet access, transport data networking, voice, VoIP, and security to enterprises, large organizations and communications services companies alike.⁵⁰

In its 2010 annual report, tw telecom reported that it “delivered strong comprehensive results for the year, as we sequentially grew revenue for the 25th consecutive quarter, substantially increased net income, generated ongoing cash flow and . . . expanded our already strong annual Modified EBITDA margin to 36.4%, and at the same time absorbed costs for future growth initiatives.”

Q. HOW DOES XO COMMUNICATIONS COMPETE WITH CENTURYLINK IN ARIZONA?

A. XO Communications is an active participant in the Phoenix and Tucson telecommunications markets, serving customers in the small business, medium business and Enterprise markets. XO Communications operates a “nationwide multi-terabit network that delivers industry-leading IP and network solutions at the fastest speeds available today.” Its network includes “nationwide IP and transport networks, metro networks, broadband wireless access and connectivity to global service locations for door-to-door delivery of customer traffic nationwide and around the world.”⁵¹ XO offers a full slate of business communications services, including VoIP and SIP trunking, traditional local and long distance voice, cloud communications, managed PBX and conferencing. XO also offers network services including high speed internet access, MPLS IP-VPN, Ethernet VPLS, Ethernet Access services, collocation and fixed wireless. XO also offers Security Services and Hosted IT Services.⁵²

⁵⁰ See: <http://www.twtelecom.com/about-us/>, visited 1-23-12.

⁵¹ See: <http://www.xo.com/about/Pages/overview.aspx>, visited 1-23-12.

⁵² See: <http://www.xo.com/services/Pages/overview.aspx>, visited 1-23-12

1
2 XO states that it has approximately one million miles of metro fiber, a 19,000-route mile
3 nationwide inter-city fiber network, nearly 1,000 central office collocations, more than
4 3,300 fiber-fed buildings on-net, more than 50 collocation facilities nationwide, a fully
5 peered Tier 1 IP network with more than 100 private and public peering relationships, 28-
6 31 Ghz broadband wireless spectrum in 75 markets and more than 28 billion VoIP minutes
7 per year.⁵³
8

9 XO has been expanding its network in the Phoenix area. In November 2010 it made the
10 following announcement:

11 XO Communications (OTCBB: XOHO) today announced an expansion of its
12 metro network coverage across Phoenix. The initiative demonstrates XO
13 Communications' strategy to expand its presence in existing XO® markets in
14 order to serve more enterprise customers with its award-winning IP-based
15 communications and managed network solutions and exceptional customer
16 experience.

17 By expanding the reach of its 19,000-mile nationwide network and
18 establishing additional points of presence across the Phoenix metropolitan
19 area, XO Communications is now able to serve thousands of new businesses
20 and offer them a more competitive alternative for their local and nationwide
21 communications and networking needs. The expansion increases XO
22 Communications' reach across the eastern metropolitan area of Phoenix in
23 Chandler, Gilbert and Mesa, adds more than 130 route miles to the XO
24 network, and provides direct access to 200 additional buildings. In addition,
25 XO Communications has also deployed Ethernet over copper technology
26 more broadly across its network in Phoenix in order to offer more businesses
27 scalable, high-speed Ethernet access over last mile copper.⁵⁴

⁵³ See: <http://www.xo.com/about/Pages/overview.aspx>, visited 1-23-12.

⁵⁴ XO Press Release, November 9, 2010. See: <http://www.xo.com/about/news/Pages/501.aspx>, visited 1-23-12.

1 **Q. HOW DOES AT&T COMPETE WITH CENTURYLINK IN ARIZONA?**

2 A. AT&T is not an incumbent local exchange carrier in Arizona, but it operates as a CLEC
3 and IXC, with a primary focus on serving business customers. AT&T, the largest telecom
4 company in the U.S., offers a wide range of telecommunications services to small, medium
5 and enterprise business customers, as well as governmental customers in Arizona. AT&T
6 has substantial fiber network facilities in Arizona, and provides services using both its own
7 facilities and via the purchase of wholesale services from CenturyLink.

8
9 AT&T also offers local voice service to consumers in some areas. For example, in
10 Phoenix, AT&T offers its "One Rate USA" plan that includes unlimited local and domestic
11 long distance calling from home, and a choice of 4 calling features for \$55.95 per month.
12 AT&T also offers a plan with unlimited local calling and a choice of two features for
13 \$31.95 per month, with long distance options available based on calling needs.⁵⁵ Of course
14 AT&T also offers wireless services in Arizona, as described below.

15
16 **Q. PLEASE DESCRIBE HOW VERIZON COMPETES WITH QWEST IN ARIZONA.**

17 A. Like AT&T, Verizon is not an incumbent local exchange carriers in Arizona, but it
18 operates as a CLEC and IXC, with a primary focus on serving business customers. Verizon
19 is the largest telecom company in the U.S. and offers a wide range of telecommunications
20 services to small, medium and enterprise business customers, as well as governmental
21 customers in Arizona. Verizon, who purchased MCI several years ago, also has a
22 substantial fiber network in Arizona, and provides services using both its own facilities and
23 via the purchase of wholesale services from CenturyLink.

⁵⁵ See: <http://www.local.att.com/echannel/preorder/offerooverview.jsp?ChannelSession=yhNyPfJG82!2077135790>,
visited 1-24-12.

1
2 Verizon does offer local voice services to the consumer market through its MCI subsidiary,
3 which offers the MCI "Neighborhood" residential local service packages. The three MCI
4 Neighborhood packages available to residential customers in Arizona are priced based on
5 the geographic location and the number of long distance minutes included in the plan. All
6 three packages include Call Waiting, Caller ID, Voicemail and Online Message Center. In
7 Phoenix, the lowest priced package includes 200 minutes of long distance for \$47.99 per
8 month and the highest priced package includes unlimited long distance for \$59.99 per
9 month.⁵⁶
10

11 **Q. WHAT DO YOU CONCLUDE REGARDING COMPETITION FROM CLECS?**

12 A. As described above, and has depicted in Confidential Exhibit RHB-4, there are numerous
13 CLECs competing with CenturyLink in Arizona (Rule 1108.B.2), and CLEC services may
14 be purchased in any of CenturyLink's Arizona wire centers. CLECs are able to "make
15 functionally equivalent or substitute services readily available at competitive rates, terms
16 and conditions" for business and consumer customers (Rule 1108.B.5). CLECs can easily
17 enter and exit the market, and can offer services by purchasing UNEs or resold services
18 from CenturyLink, or by building their own facilities (Rule 1108.B.6). They may also
19 enter the market by purchasing wholesale facilities from other CLECs, or by purchasing
20 facilities from fiber providers such as SRP Telecom and Zayo Group that operate in
21 Arizona.
22

⁵⁶ See http://consumer.mci.com/TheNeighborhood/res_local_service/jsps/join_plans.jsp?subpartner=DEFAULT,
visited 1-24-11.

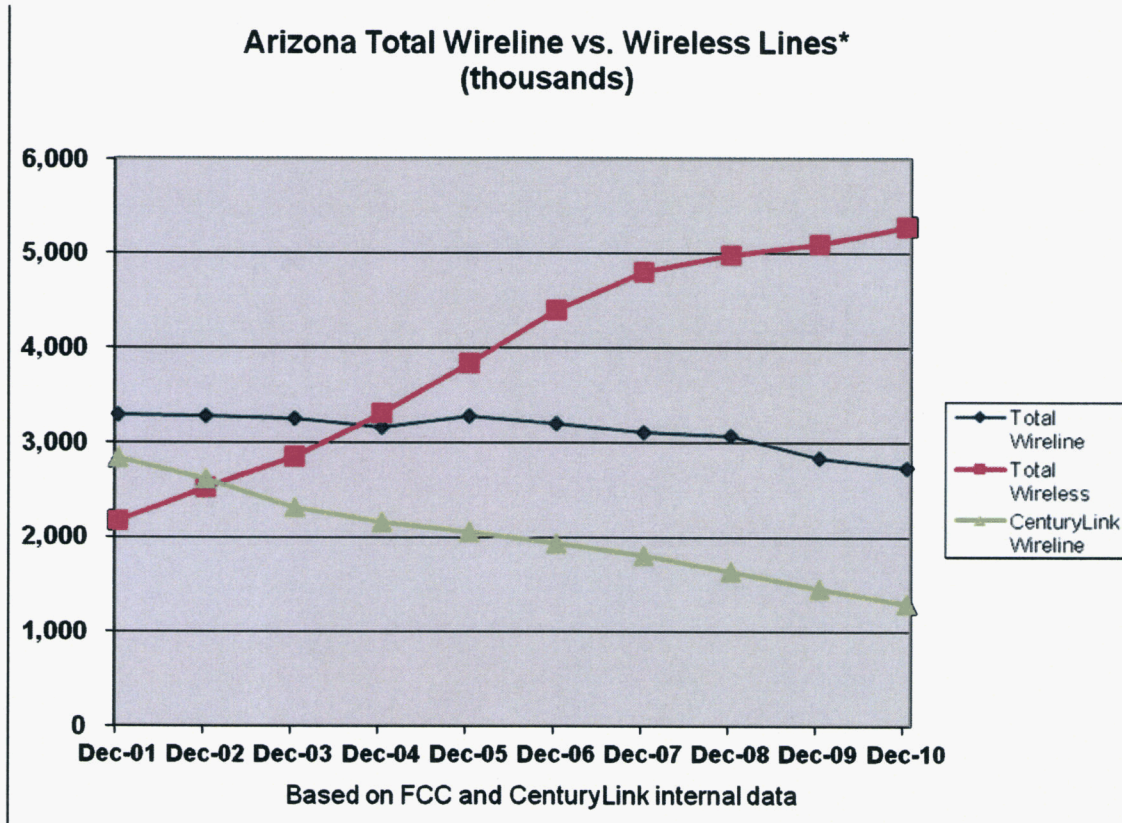
3. Wireless Competition

Q. IS COMPETITION FROM WIRELESS PROVIDERS FLOURISHING IN ARIZONA?

A. Yes. According to the FCC's Local Competition Report, as of December 2010 there were 5.285 million wireless subscribers in Arizona, while there were only 2.730 million wirelines (both ILEC and non-ILEC).⁵⁷ In fact, wireless lines have increased 143% in Arizona from only 2.171 million in June 2001.⁵⁸ The FCC data shows that the wireless share of the total access line market has grown significantly over this timeframe, as described earlier in my testimony. While wireless subscribers have increased dramatically CenturyLink access lines (residence and business) in Arizona dropped 52% over the same time frame—from 2.832 million in December 2001 to 1.295 million in December 2010. The following graph shows the relationship of wireless connections, total wirelines and CenturyLink access lines in Arizona:

⁵⁷ *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, tables 8 & 17.

⁵⁸ *Id.*, table 14.



Most Arizona consumers, except those in extremely remote areas, have wireless options. Exhibit RHB-5 provides a map showing the areas served by CenturyLink, along with the areas with known wireless coverage in Arizona. It may be observed that there are very few areas within CenturyLink wire centers boundaries where there is no wireless coverage, and this occurs only in the most sparsely populated areas. For example, in the Grand Canyon exchange that is located in north central Arizona, we have not identified any wireless coverage, but the bulk of the wire center is located in a very sparsely populated National Park. In addition, we show no wireless coverage in the Gila Bend wire center in southwest central Arizona, but this wire center is very sparsely populated, with less than one housing unit per square mile. Similarly, we show no wireless coverage in the Kearny, Hayden and Dudleyville wire centers that are east of Phoenix and north of Tucson, but these wire

1 centers also have less than one housing unit per square mile. *Small portions* of the
2 Winslow, Tubac, Willcox, Maricopa, Benson, Wickenburg and Superior wire centers also
3 show no wireless coverage, but the areas not served are also areas with less than one
4 household per square mile. Thus, very few Arizonans actually live in the areas without
5 wireless service.

6
7 In fact, the vast majority of CenturyLink customers have multiple wireless options. Exhibit
8 RHB-6 contains a map prepared by the FCC showing the number of wireless providers
9 throughout Arizona. It is readily apparent that there are four or more wireless carriers in
10 most of the areas served by CenturyLink, and in the majority of other areas there are at
11 least three carriers. Mobile services are provided by AT&T, Verizon, T-Mobile, Sprint,
12 Cricket and other providers.

13
14 **Q. DOES CENTURYLINK PROVIDE WIRELESS SERVICE IN ARIZONA?**

15 A. No. In the past, legacy Qwest provided Qwest-branded wireless service in Arizona through
16 a resale agreement with Sprint, utilizing the Sprint network. This agreement expired in
17 2009 and thereafter legacy Qwest signed an agreement with Verizon to offer Verizon
18 Wireless service to Qwest customers, and bill the service on the customer's Qwest bill.
19 This arrangement remains in place today with the post-merger CenturyLink entity. The
20 service is branded as Verizon Wireless, and is designed to provide CenturyLink wireline
21 customers with a wireless option as part of a CenturyLink service bundle.⁵⁹ When a
22 customer disconnects his or her CenturyLink service and becomes a wireless-only
23 customer, CenturyLink will lose the customer, even if he or she subscribes to Verizon
24 Wireless.

⁵⁹ This arrangement is similar to the agreement CenturyLink has in place to offer DirecTV service as part of a bundle of services.

1
2 **Q. PLEASE DESCRIBE THE WIRELESS CARRIERS CURRENTLY OPERATING**
3 **IN THE STATE OF ARIZONA.**

4 A. The large national wireless companies, including AT&T, Verizon, Sprint, T-Mobile and
5 Cricket each have a large presence in Arizona. Exhibit RHB-7 provides maps for each of
6 these carriers that show the wireless coverage area overlaid on the CenturyLink serving
7 territory in the state. It may be observed that AT&T, Verizon, T-Mobile and Sprint provide
8 services across the vast majority of CenturyLink's serving area, and therefore nearly all
9 customers can choose from multiple wireless providers. Cricket also serves much of
10 CenturyLink's serving area, but its reach is smaller. There are also smaller regional
11 wireless carriers providing service in Arizona, primarily in more rural areas. For example,
12 Cellular One offers service in much of northeastern Arizona and Mohave Wireless offers
13 service in northwestern Arizona.

14
15 **Q. PLEASE DESCRIBE THE TYPES OF VOICE PRICING PLANS AVAILABLE**
16 **FROM THE MAJOR WIRELESS CARRIERS IN ARIZONA.**

17 A. Wireless carriers today offer a number of voice plans that are competitive with
18 CenturyLink local exchange service, and these plans start at about \$30 per month,
19 including several features. For example:

- 20
21 ▪ T-Mobile offers its "500 minute Value-talk" voice plan for \$34.99 in Arizona,
22 which includes 500 "whenever" minutes and unlimited weekend minutes with no
23 long distance or roaming charges, and several calling features. Additional plans
24 are available to add text and data, and additional voice minutes. For example, a
25 text and talk plan with 500 voice minutes and no data is available for \$39.99 per

1 month, and an unlimited talk and text plan is available for \$49.99. Various
2 amounts of data may be added for additional charges; the “Unlimited Value –
3 Ultra” plan includes unlimited voice and data plus 10 GB of high speed data for
4 \$104.99.⁶⁰ Family plans and pay-as-you-go voice plans are also available.⁶¹

5 ■ Sprint offers a multitude of voice options, including its “Basic” wireless plan with
6 200 “anytime” minutes, unlimited night and weekend calling and free nationwide
7 long distance for \$29.99 per month. Sprint offers a plan with 450 “anytime”
8 minutes for \$39.99 per month and an “unlimited” plan for \$99.99 per month, with
9 no usage restrictions.⁶² Sprint also offers family plans, and many text messaging
10 and broadband data plans that utilize its 4G network.

11 ■ AT&T Wireless offers a basic plan with 450 “anytime” minutes for \$39.99 per
12 month with 5,000 night and weekend minutes, no long distance charges, calling
13 features, and no roaming charges. AT&T offers several other plans, including its
14 900 minute plan for \$59.99 per month, an unlimited voice plan for \$69.99 per
15 month, and a senior plan with 500 minutes for only \$29.99 per month. AT&T
16 also offers many 4G data and text messaging options.⁶³

17 ■ Verizon offers a basic “Nationwide talk” voice plan with 450 “any time” minutes,
18 calling features and no domestic long distance charges for \$39.99 per month.⁶⁴

⁶⁰ See: <http://www.t-mobile.com/shop/Packages/ValuePackages.aspx>, visited 1-18-12.

⁶¹ See: http://www.t-mobile.com/shop/plans/Cell-Phone-Plans-Overview.aspx?WT.z_HP=shop_plans_DL, visited 1-18-12.

⁶² See: http://shop.sprint.com/mysprint/shop/plan/plan_wall.jsp?INTNAV=ATG:HE:Plans, visited 1-18-12.

⁶³ See: <http://www.wireless.att.com/cell-phone-service/cell-phone-plans/individual-cell-phone-plans.jsp?requestid=70817>, visited 1-18-12.

⁶⁴ See: <http://www.verizonwireless.com/b2c/plans/?page=single>, visited 1-18-12

1 Verizon also offers many other voice plans, including a 900 minute plan for
2 \$59.99 per month and an unlimited plan for \$69.99 per month,⁶⁵ and several
3 family plans. Verizon also offers “talk and text” plans and several high speed
4 data plans utilizing its 4G LTE network.

5 These and a variety of other wireless plans provide an alternative to CenturyLink wireline
6 service. Wireless carriers provide “functionally equivalent or substitute services readily
7 available at competitive rates, terms and conditions,” and there are a significant “number of
8 alternative providers of the service,” meeting the criteria of Rule 1108(B) in Arizona. As
9 described below, many customers substitute wireless service for CenturyLink basic local
10 exchange service.

11
12 **Q. HAVE A SIGNIFICANT NUMBER OF TELEPHONE CUSTOMERS “CUT THE**
13 **CORD,” RELYING SOLELY ON WIRELESS SERVICE TO MEET THEIR**
14 **VOICE TELECOMMUNICATIONS NEEDS?**

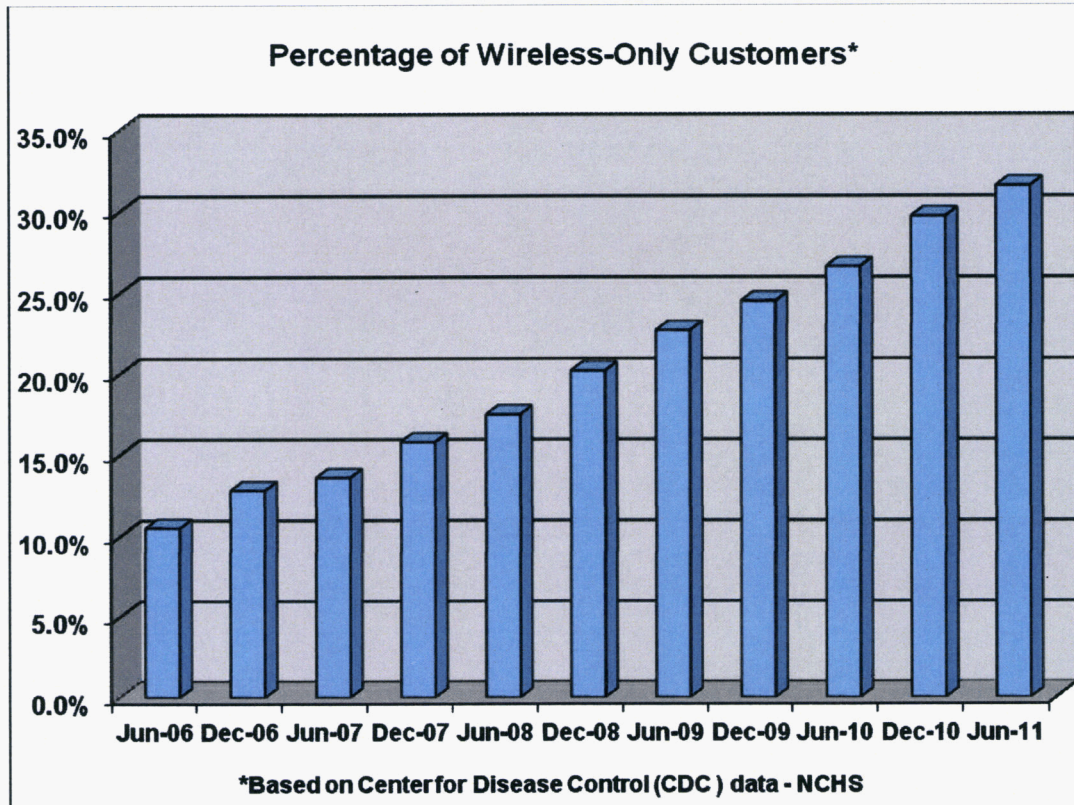
15 **A.** Yes. The decline in CenturyLink landlines, coupled with the dramatic increase in wireless
16 connections, demonstrates that Arizona customers increasingly view wireless phones as a
17 substitute for wireline service, and that wireless phones are replacing wireline phones. In
18 fact, a significant number of voice customers have already “cut the cord,” relying solely on
19 wireless service to meet their telecommunications needs, and this trend is accelerating.
20 According to a survey conducted by the National Center for Health Statistics (“NCHS”), in
21 the first 6 months of 2011, 31.6% of U.S. households did not have a traditional landline
22 telephone, but did have at least one wireless telephone. The study states:
23

⁶⁵ *Id.*

1 More than 3 of every 10 American homes (31.6%) had only wireless telephones
2 (also known as cellular telephones, cell phones, or mobile phones) during the
3 first half of 2011—an increase of 1.9 percentage points since the second half of
4 2010. In addition, nearly one of every six American homes (16.4%) received all
5 or almost all calls on wireless telephones despite also having a landline
6 telephone.⁶⁶

7 Thus, while 31.6% of households have already “cut the cord,” another 16.4 % of
8 households are “wireless mostly” and use their wireless phone for nearly all calling. In
9 total, these wireless only and “wireless mostly” households make up almost half (48%) of
10 households. The chart below depicts how wireless-only households in the U.S. have
11 increased, according to the NCHS study:

⁶⁶ Centers for Disease Control and Prevention, National Center for Health Statistics, Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, January-June 2011, released December 21, 2011, page 1. In the NCHS study, any households that has removed an additional landline telephone line in favor of wireless service but still retains at least one landline telephone line in the household is not considered “wireless only.”



There is little doubt that this trend will continue in the future, especially given the large amount of “wireless mostly” households that exist today. These customers are particularly likely to “cut the cord” in the future.

Q. IS THERE A GREATER INCIDENCE OF CORD-CUTTING IN ARIZONA THAN IN THE NATION AS A WHOLE?

A. Yes. On April 20, 2011, the NCHS released a detailed analysis of its Wireless Substitution report—with state-specific data—for the January 2007 through June 2010 timeframe. For the July 2009-June 2010 time period, the NCHS found that 29.4 of adult Arizona wireless households were “wireless only,” a significantly higher percentage of cord-cutting than the

1 national average.⁶⁷ In fact, Arizona placed eleventh out of 50 states in the percentage of
2 wireless only households.⁶⁸
3

4 **Q. DOES THE ABILITY TO SUBSTITUTE WIRELESS SERVICE FOR WIRELINE**
5 **SERVICE PLACE STRONG COMPETITIVE PRESSURE ON WIRELINE**
6 **SERVICE PRICES?**

7 A. Yes. In areas where wireless alternatives exist—which includes nearly all of
8 CenturyLink’s Arizona service territory—it is viewed as a viable local service alternative
9 by a large number of customers. This fact is made clear by the growing number of
10 consumers who have already “cut the cord” as well as the “wireless mostly” customers who
11 are considering “cutting the cord.” The existence of wireless alternatives constrains
12 CenturyLink’s ability to raise prices for wireline basic exchange service above market
13 levels because such an increase would likely cause many customers to replace their
14 wireline service with a wireless phone, thereby potentially reducing CenturyLink’s
15 profitability. Thus, wireless is an effective price-constraining substitute for wireline
16 service.
17

18 **Q. WHY WOULD “WIRELESS MOSTLY” HOUSEHOLDS BE PARTICULARLY**
19 **LIKELY TO “CUT THE CORD” IN THE FUTURE?**

20 A. “Wireless mostly” households are particularly likely to “cut the cord” in the future because
21 the customers already have a wireline phone and a wireless phone. Since such a customer
22 is using his or her wireline phone less and less, he or she may start to question the value of

⁶⁷ *Centers for Disease Control and Prevention, National Center for Health Statistics, Wireless Substitution: State-level Estimates From the National Health Interview Survey, January 2007–June 2010, released April 20.2011, Table 3.*

⁶⁸ *Id.*, Figure 2.

1 maintaining and paying for both a wireless and wireline phone, especially if wireline rates
2 increase. Ultimately, a “wireless mostly” customer may decide to “cut the cord;” a
3 scenario that is obviously occurring regularly as evidenced by the NCHS data. The
4 behavior of these customers helps to constrain a wireline company like CenturyLink from
5 raising rates above the appropriate market level.
6

7 **Q. FOR WIRELESS TO SERVE AS A PRICE-CONSTRAINING SUBSTITUTE FOR**
8 **WIRELINE SERVICES, MUST ALL CUSTOMERS VIEW IT AS A SUBSTITUTE?**

9 A. No. In various regulatory forums, some parties have argued that wireless service should
10 not be considered to be a substitute for wireline service because *all* customers may not
11 view it as a substitute. There is no doubt that some customers do not view wireless service
12 to be a substitute for wireline service, and some of these customers may not want to give up
13 their wireline phone under any circumstances. However, as long as there are enough
14 customers willing to “cut the cord” (often called customers “at the margin”), this constrains
15 CenturyLink’s prices. While wireless does not represent a substitute for *all* wireline
16 customers, it is a *functionally equivalent substitute* for many customers—a fact proven by
17 the large number of households that have already “cut the cord” and have become wireless-
18 only.
19

20 **Q. FOR WIRELESS TO SERVE AS A PRICE-CONSTRAINING SUBSTITUTE FOR**
21 **WIRELINE SERVICES, DOES IT NEED TO BE IDENTICAL TO WIRELINE**
22 **SERVICE?**

23 A. No. Some parties have also argued that wireless service should not be considered to be a
24 functionally equivalent substitute for wireline voice service because it is not *identical* to
25 wireline service. They argue that since it is not identical, it is not *functionally equivalent*

1 and should not be considered as a competitive substitute. However, wireless service does
2 not need to be *identical* to wireline service in order for it to be *functionally equivalent* or
3 serve as an *effective substitute* for wireline services that constrains CenturyLink's retail
4 wireline prices. There will *always* be some differences between wireline and wireless
5 service in terms of quality of transmission, data capability, mobility, ergonomics, etc. For
6 example, a wireless phone will always have more mobility than a wireline phone, and
7 handsets are likely to be smaller. This does not mean that they are not substitutes for voice
8 services. A simple non-telephone example may help to put this into perspective. One
9 might argue that metropolitan bus service and subway service are not competitive
10 substitutes for one another because they utilize different technologies, may charge different
11 fares, run different routes to connect the same two points, take different amounts of time to
12 connect the same two points and likely offer tangibly different levels of comfort and ease in
13 the perception of some commuters. While the bus and subway are clearly not perfect
14 substitutes for all commuters, there can be no doubt that bus use would increase if the
15 subway authority significantly increased prices. Similarly, if the bus significantly raised
16 fares, many would migrate to subway travel.

17
18 The bottom line is that wireless does not have to be identical to wireline service, nor does it
19 have to be a substitute for all customers, in order for it to constrain CenturyLink's pricing
20 of local exchange service and to limit CenturyLink's *market power*. Wireless providers
21 today are making "functionally equivalent or substitute services readily available at
22 competitive rates, terms and conditions" meeting the Rule 1108.B.5 criterion, and
23 CenturyLink's market power is limited, meeting the Rule 1108.B.6 criterion. Since there
24 are a number of wireless providers offering voice service, the criterion of Rule 1108.B.2 is
25 met, and in large part due to wireless services, CenturyLink's share of voice connections

1 has fallen to less than 20% (as described above), resulting in meeting the Rule 1108.B.2
2 criterion.

3
4 **4. Voice over Internet Protocol (VoIP) Competition**

5
6 **Q. PLEASE DESCRIBE VOICE OVER INTERNET PROTOCOL ("VoIP")**
7 **SERVICES.**

8 A. It is useful to describe VoIP services as either "managed" or "over-the-top." Generally,
9 cable companies offer "managed" VoIP-based services that are non-portable and that carry
10 traffic over private managed networks, rather than the internet. Many other companies
11 such as Vonage, Google and MagicJack offer "over-the-top" VoIP services, which rely on
12 a third-party broadband connection, and transmit calls over the public internet. These
13 companies often offer "portable" VoIP services that can be used over any high speed
14 internet connection. Since cable VoIP services were addressed above, I will describe
15 "over-the-top" VoIP services in this section.
16

17 From a customer perspective, VoIP service functions in a manner similar to standard circuit
18 switched telephony, and allows a customer to utilize a standard telephone set to originate
19 and receive telephone calls using the same dialing patterns that are used for standard
20 wireline telephone service.⁶⁹ To utilize VoIP services, a customer must have a high speed
21 connection, such as Digital Subscriber Line ("DSL"), a high-speed wireless connection,
22 satellite broadband, or a cable modem. The FCC describes VoIP as follows:
23 Interconnected VoIP service "(1) [e]nables real-time, two-way voice communications; (2)

⁶⁹ VoIP setup is simple—a standard telephone is simply plugged into a VoIP adaptor (provided by the VoIP carrier), which is connected to a broadband internet modem. From the standpoint of the customer, VoIP works just like traditional phone service, except that it provides additional features and functionality.

1 [r]equires a broadband connection from the user's location; (3) [r]equires IP-compatible
2 customer premises equipment (CPE); and (4) [p]ermits users generally to receive calls that
3 originate on the public switched telephone network and to terminate calls to the public
4 switched telephone network.”⁷⁰

5
6 **Q. DO VOIP-BASED SERVICES REPRESENT A VIABLE ALTERNATIVE TO**
7 **TRADITIONAL VOICE SERVICES?**

8 A. Yes. VoIP telephone service is a rapidly growing communications technology that clearly
9 represents a competitive alternative to traditional landline-based telephone services in
10 Arizona. In fact, in a 2009 Order regarding IP-enabled services, the FCC recognized that
11 VoIP-based services are increasingly replacing traditional wireline services:

12
13 Consumers increasingly use interconnected VoIP service as a replacement for
14 traditional voice service, and as interconnected VoIP service improves and
15 proliferates, consumers' expectations for this type of service trend toward their
16 expectations for other telephone services.⁷¹

17 The FCC has also noted in its NPRM regarding Intercarrier Compensation and Universal
18 Service, that “the emergence of VoIP provides another alternative to traditional wireline
19 phone service”⁷² and that “consumer demand for VoIP services continues to increase.”⁷³

20 More recently, in its Report and Order and Further Notice of Proposed Rulemaking in this

⁷⁰ *In the Matter of Connect America Fund A National Broadband Plan for Our Future Establishing Just and Reasonable Rates for Local Exchange Carriers High-Cost Universal Service Support Developing an Unified Intercarrier Compensation Regime Federal-State Joint Board on Universal Service Lifeline and Link-Up*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, Notice of proposed rulemaking and further notice of proposed Rulemaking, FCC 11-13, released February 9, 2011 (“ICC/USF NPRM”), footnote 923.

⁷¹ *Report and Order*, In the Matter of IP-Enabled Services, Federal Communications Commission, WC Docket No. 04-36, Released: May 13, 2009, ¶ 2

⁷² ICC/USF NPRM, ¶ 503

⁷³ *Id.* ¶610

1 docket, the FCC found that “Interconnected VoIP services, among other things, allow
2 customers to make real-time voice calls to, and receive calls from, the PSTN, and
3 increasingly appear to be viewed by consumers as substitutes for traditional voice
4 telephone services.”⁷⁴ In addition, as described earlier, the FCC includes VoIP-based
5 telephone service when it is developing telephone subscribership data, and the FCC now
6 includes VoIP-based services in its *Local Competition Report*, where it includes the
7 number of reported “End-User Switched Access Lines and VoIP Subscriptions.” As noted
8 in the most recent *Local Competition Report*, non-ILEC VoIP subscriptions in Arizona
9 increased to 484,000 in December 2010.⁷⁵ VoIP-based telephone offerings represent an
10 increasing and significant form of competition for CenturyLink’s local exchange service.
11

12 **Q. IS THE PROVISION OF VOIP-BASED SERVICES INCREASING IN ARIZONA?**

13 A. While it is very difficult to obtain accurate subscribership information regarding VoIP
14 services in Arizona, VoIP is clearly a rapidly growing communications technology that
15 represents a competitive alternative to traditional landline-based telephone services. “Over
16 the Top” VoIP-based telephone service, which is typically offered as a package that
17 includes unlimited local and long distance service plus an array of calling features, is now
18 readily available from a broad range of providers to *any customer in Arizona that has high-*
19 *speed broadband internet access.* And it is clear that broadband availability and
20 subscribership will increase over time, especially given the recent initiative by the FCC to

⁷⁴ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, Released November 18, 2011, (“ICC/USF Order”), ¶63.

⁷⁵ *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, table 8.

1 provide universal service funding for broadband. In fact, the FCC acknowledged how
2 increases in broadband availability will stimulate VoIP usage: “The deployment of
3 broadband infrastructure to all Americans will in turn make services such as interconnected
4 VoIP service accessible to more Americans.”⁷⁶

5
6 Broadband access has been increasing rapidly in Arizona. According to the FCC’s latest
7 *High Speed Internet Report*, ADSL broadband connections in Arizona have grown from
8 53,489 in December 2001 to 552,000 in December 2010—an increase of over 900 percent,
9 and cable modem broadband connections in Arizona have grown over this timeframe from
10 151,916 to 1,161,000—an increase of over 600 percent.⁷⁷ As of December 31, 2010,
11 according to the FCC, there were 552,000 ADSL connections, 1,161,000 cable modem
12 connections, 4,000 fiber connections, 24,000 fixed wireless broadband connections,
13 1,487,000 mobile wireless broadband connections, and 16,000 other broadband
14 connections, for a total of 3.264 million broadband connections.⁷⁸ Thus, the number of
15 broadband connections in Arizona far exceeds the 1.295 million total CenturyLink basic
16 exchange access lines that were in service in Arizona on December 31, 2010. According to
17 the FCC, as of December 2010, high speed internet access was available to 88% of ILEC
18 residential end-user premises and 99% of cable residential end-user premises in Arizona,
19 and 67% of Arizona residential households had a high speed internet connection from one
20 of the 74 broadband providers in the state.⁷⁹ Thus, competitive broadband services are now

⁷⁶ ICC/USF Order, ¶67

⁷⁷ High Speed Services for Internet Access: Status as of December 31, 2010, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, Table 18, and High Speed Services for Internet Access: Status as of December 31, 2007, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, January 2009, Tables 11 & 12..

⁷⁸ *High Speed Services for Internet Access: Status as of December 31, 2010*, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, Table 18..

⁷⁹ *Id.*, Tables 24, 16 and 23.

1 widely available from multiple providers in Arizona, and these services have been
2 embraced by a rapidly increasing number of customers. Each broadband connection
3 represents an existing or potential VoIP subscriber.
4

5 **Q. CAN CENTURYLINK DSL CUSTOMERS SUBSCRIBE TO VOIP TELEPHONE**
6 **SERVICE PROVIDED BY ANOTHER PROVIDER?**

7 A. Yes. CenturyLink DSL service subscribers have the option of utilizing their DSL
8 connection to subscribe to VoIP service from another provider, in lieu of traditional
9 CenturyLink local exchange services. Residential and business customers within
10 CenturyLink's service territory in Arizona may subscribe to CenturyLink DSL service on a
11 "stand-alone" basis (i.e., they are not required to subscribe to standard CenturyLink local
12 exchange service as a precondition to subscribing to CenturyLink DSL service). These
13 customers may order VoIP telephone service from a wide range of non-CenturyLink VoIP
14 providers as a replacement for CenturyLink basic exchange service.
15

16 **Q. PLEASE PROVIDE EXAMPLES OF SOME OF THE VOIP-BASED TELEPHONE**
17 **SERVICE OFFERINGS AVAILABLE IN ARIZONA.**

18 A. Numerous companies offer VoIP services in Arizona, including Vonage, Lingo, 8x8,
19 MagicJack, VoIP.com, viataalk, Intalk, PhonePower, CallCentric, VoIPYourLife and many
20 others. There are numerous pricing plans and services available for residential and
21 business customers. Vonage offers "Vonage World" service for \$14.99 per month (\$9.99
22 for the first three months), which includes unlimited domestic usage and unlimited calls to
23 60 countries, Voicemail, Caller ID, Call Waiting, Anonymous Call Block, 3-Way-Calling
24 and many other standard features, online account access and portability ("Take your
25 Vonage adapter anywhere there's a high-speed Internet connection and use your service just

1 like at home.”) Vonage also offers its “U.S. & Canada 300” plan for \$11.99 per month that
2 includes 300 minutes of outbound local and long distance home phone service across U.S.,
3 Canada and Puerto Rico, with 5 cents for each additional minute, along with the same
4 features listed above.⁸⁰ Lingo offers numerous plans, starting with the “America 250”
5 which includes 250 minutes to the U.S. and Canada, with 4 cents for each additional
6 minute. The plan includes over 20 calling features, free activation and a free adapter, with
7 no annual contract. The Lingo “America Unlimited” plan provides unlimited calling in the
8 U.S. and Canada for \$21.95 per month (first month free), with the same features as the
9 “America 250” plan. Lingo also offers international plans such as the “World Unlimited”
10 plan with unlimited calls to 45 countries for \$23.95 per month (first month free), including
11 the features described above.⁸¹ Other providers offer similar plans, and many carriers offer
12 additional business-related features.

13
14 **Q. WHAT DO YOU CONCLUDE REGARDING COMPETITION FROM “OVER**
15 **THE TOP” VOIP PROVIDERS?**

16 A. VoIP providers offer very attractively priced phone services today; these are “functionally
17 equivalent or substitute services readily available at competitive rates, terms and
18 conditions” meeting the Rule 1108.B.5 criterion. As with cable, CLEC and wireless
19 competition, this limits CenturyLink’s market power, meeting the Rule 1108.B.6 criterion.
20 There are dozens of VoIP providers offering voice service to Arizonans, meeting the
21 criterion of Rule 1108.B.2.

22

⁸⁰ See: <http://www.vonage.com>, visited 1-24-12.

⁸¹ See: <http://www.lingo.com/voip/residential/world.jsp>, visited 1-14-12.

C. COMPETITION AND PRICING

Q. GIVEN THIS COMPETITIVE ENVIRONMENT YOU HAVE DESCRIBED, SHOULD THE COMMISSION CLASSIFY ALL RETAIL SERVICES AS COMPETITIVE BASED ON THE CRITERIA IN RULE 1108?

A. Yes. It is in the competitive environment described above, where customers have multiple voice options, that CenturyLink must set prices for its retail services, service, in response to market conditions. CenturyLink must set rates at levels that allow for the recovery of costs and investment in the network, while operating within competitive price constraints. If prices are set too low, CenturyLink may not cover costs or be profitable. If prices are set too high, CenturyLink may experience a mass exodus of customers to the competition, with a potential loss in profitability. In this proceeding, CenturyLink seeks the flexibility to price local exchange services and other regulated services at price levels that are appropriate given current competitive market conditions in Arizona.

Q. DOES THE NEARLY UBIQUITOUS AVAILABILITY OF CABLE TELEPHONY, WIRELESS SERVICE AND VOIP-BASED SERVICES PROVIDE PROTECTION FOR ARIZONA CONSUMERS?

A. Yes. Residential local exchange service rates in Arizona are low⁸² and CenturyLink believes that the flexibility to increase or decrease rates is warranted. However, if customers are unhappy with any CenturyLink price increase, they may easily move to a competitor's services—whether cable, another CLEC, wireless or VoIP. This is the way competitive markets work, and this disciplines CenturyLink's prices. If CenturyLink sets

⁸² CenturyLink QC residential local exchange rates in Arizona are the lowest in the 14 state legacy Qwest region. Please see Exhibit RHB-8.

1 rates too high, then customers will simply leave CenturyLink for another option. In this
2 way, the competitive market protects Arizona retail consumers.⁸³
3

4 For example, the threat of a customer “cutting the cord” constrains CenturyLink’s local
5 exchange prices. If CenturyLink sets local exchange rates too high, many customers will
6 simply disconnect their wireline phone and use their wireless phones for all calls. Many
7 customers already use their wireless phone for most calls, and a rate increase that
8 consumers perceive to be unreasonable would cause CenturyLink to lose more customers
9 to the competition, exerting pressure on CenturyLink to provide a competitive response,
10 including the consideration of a reduction of rates. Thus, wireless competition, along with
11 cable telephony, CLEC and VoIP-based competition protects Arizona residential customers
12 from unreasonable rate increases, where “unreasonable” is determined by the market.
13

⁸³ This point was underscored by Chairman Pierce during the September 6, 2011 Open Meeting in connection with the application by Cox to increase its maximum rates under R14-2-1109.

1 **IV. REQUEST FOR DEREGULATION PER A.R.S. §40-281(E)**

2 **A. THE DEREGULATION CRITERIA**

3
4 **Q. THE APPLICATION STATES THAT THE SERVICES LISTED IN ITS**
5 **ATTACHMENT B SHOULD BE DEREGULATED, PURSUANT TO A.R.S. § 40-**
6 **281(E). PLEASE STATE THE CRITERIA FOR DEREGULATION.⁸⁴**

7 **A.** The Application identifies the following criteria that should be applied to a request for
8 deregulation of services, based on A.R.S. § 40-281(E) and Article 15, § 2 of the Arizona
9 Constitution:⁸⁵

- 10 1. Whether the service constitutes “transmitting messages or furnishing public
11 telegraph or telephone service” under Article 15, §2 of the Arizona Constitution;
12 2. Whether the service is presently an essential and integral part of “transmitting
13 public telegraph or telephone service;”
14 3. Whether the service is clothed with a public interest, such as to make the rates,
15 charges, and methods of provision a matter of public concern; and
16 4. Whether the service is a common carriage operation.

17 I will refer to these as the “four deregulation criteria” in the balance of my testimony.
18

⁸⁴ As stated earlier in my testimony, I will testify about the criteria for deregulation based upon my knowledge of the public policy considerations, the history of telecom regulation, my familiarity with the modern circumstances prevailing in the industry, and my knowledge of the CenturyLink services and tariffs in the State of Arizona. While I am not an attorney, my testimony will be given in the context of the legal criteria stated in the Application and the understanding of those criteria that I hold as a regulatory manager.

⁸⁵ See Application, page 9.

1 **Q. FROM YOUR PERSPECTIVE AS AN EXPERT IN TELECOM REGULATION**
2 **AND PUBLIC POLICY, ARE THE FOREGOING QUESTIONS THE RIGHT**
3 **QUESTIONS FOR THE COMMISSION TO ASK AS IT CONSIDERS**
4 **CENTURYLINK'S DEREGULATION REQUEST?**

5 A. Yes. I believe these are the right criteria to be explored in this case, as they provide the
6 Commission with a very workable way to test whether deregulation is appropriate, using
7 the concepts expressed in the words of the Arizona Constitution, the statute, and court
8 cases. The four deregulation criteria are closely interrelated, and in some ways similar and
9 overlapping. I agree with the statement in the Application that all of the criteria should be
10 answered in the affirmative before rate regulation *should* apply.

11
12 **Q. PLEASE STATE YOUR VIEWS ON THE MEANING OF THE FIRST**
13 **CRITERION AND THE LAST CRITERION REGARDING COMMON CARRIER**
14 **OPERATION.**

15 A. As stated in Article 15, §2 of the Arizona constitution, the activity that defines a company
16 as a public service corporation in Arizona is "transmitting messages or furnishing public
17 telegraph or telephone service." In applying Article 15, § 2, Arizona courts have spoken of
18 "transmitting messages for the public" and equated this with the concept of a "common
19 carrier." American Cable Television, Inc. v. Arizona Pub. Serv. Co., 143 Ariz. 273, 693
20 P.2d 928 (Ct. App. 1983). The meaning of the term "common carrier" has been well
21 established in common law; according to national telecom experts the term means an entity
22 that holds itself to the public for hire on general terms.⁸⁶

23

⁸⁶ Federal Broadband Law, John Thorne, Peter Huber, Michael Kellog, , Little Brown and Company, 1995., p. 292.

1 A public service corporation transmitting messages for the public becomes a regulated
2 entity subject to the jurisdiction of the Commission; but such regulation does not extend to
3 pricing regulation of services not involved in “*transmitting* messages for the *public*.” It is
4 important to carefully parse the wording into its two components. First, is the service
5 “transmitting messages?” Second, are such services offered indiscriminately to everyone
6 who wants to hire them (i.e., the public)? That is, is the provider “holding out” the service
7 to the public, or “making [it] generally available?” If not, there is no justification for
8 subjecting the services to regulation.
9

10 **Q. BASED ON THESE CRITERIA, ARE THERE SOME SERVICES THAT SHOULD**
11 **NOT BE SUBJECT TO COMMISSION REGULATION?**

12 A. Yes. Many of the services for which CenturyLink seeks deregulation are not public
13 services that are offered indiscriminately to anyone who wants to hire them. For example,
14 obsolete services which are provided only to grandfathered users, and circuits or channels
15 which are dedicated to the exclusive, private use of a single user (and physically distinct
16 from the common channels which form the public network) fit within this description.
17 Further, many of the services for which CenturyLink seeks deregulation do not constitute
18 the “transmitting” of messages.⁸⁷ These services are discussed further below.
19

⁸⁷ This requirement is stated more specifically in the second criteria for deregulation.

1 **Q. PLEASE EXPLAIN THE MEANING OF THE SECOND CRITERION FOR**
2 **DEREGULATION, I.E., WHETHER THE SERVICE IS PRESENTLY AN**
3 **ESSENTIAL AND INTEGRAL PART OF “TRANSMITTING MESSAGES OR**
4 **FURNISHING PUBLIC TELEGRAPH OR TELEPHONE SERVICE.”**

5 A. This factor builds on the first. If a service meets the first condition—i.e., that it constitutes
6 “transmitting messages for the public,” then under this test we look to see if the service is
7 essential or integral to that endeavor. In that context, a service is *essential* if the message
8 transmission cannot be provided without it, and is *integral* to the message transmission if
9 the service cannot reasonably be separated from the message transmission. Many of the
10 services for which CenturyLink requests deregulation are not essential or integral to
11 transmitting messages. For example, consider Missed Call Return, whereby a subscriber
12 can dial a code that places a call to number of the last phone that called the subscriber.
13 While the service may be a handy convenience, the functionality cannot by any stretch of
14 the imagination be considered essential to the placing and receiving of telephone calls.
15 Services that are not an essential and integral part of “transmitting public telegraph or
16 telephone service” are discussed further below.

17
18 **Q. PLEASE EXPLAIN THE APPLICATION OF THE THIRD CRITERION FOR**
19 **DEREGULATION, I.E., WHETHER THE SERVICE IS CLOTHED WITH A**
20 **PUBLIC INTEREST, SUCH AS TO MAKE THE RATES, CHARGES, AND**
21 **METHODS OF PROVISION A MATTER OF PUBLIC CONCERN.**

22 A. Even if all of the other criteria apply, it is entirely possible that the rates, charges, and
23 methods of providing a particular service simply are not a matter of significant public
24 concern. The most obvious circumstances where this may apply is when there are many

1 alternatives to the service or alternative providers of similar services, or when the service is
2 used by very few customers.
3

4 **Q. IS IT POSSIBLE THAT AN ANALYSIS OF THE FOUR CRITERIA DESCRIBED**
5 **ABOVE TODAY COULD LEAD TO A DIFFERENT CONCLUSION REGARDING**
6 **REGULATION THAN WAS REACHED IN THE PAST?**

7 A. Yes. CenturyLink seeks deregulatory classification of many services that have been
8 regulated by the Commission for years. However, while the functional characteristics of
9 the services in some cases have not changed, the conclusions reached via the application of
10 the four criteria *have* changed. Due to technological and competitive changes in the market
11 that I described earlier in my testimony, the application of A.R.S. § 40-281(E) and Article
12 15, § 2 may lead to different conclusions today than in the past. CenturyLink believes that
13 in Arizona today, the four criteria above cannot be universally answered in the affirmative
14 for each of the services listed in Attachment B of the petition.
15

16 **Q. HAS THE ARIZONA CORPORATION COMMISSION PREVIOUSLY**
17 **DEREGULATED ANY OF CENTURYLINK'S SERVICES UNDER THE**
18 **FOREGOING PRINCIPLES?**

19 A. Yes. On March 23, 2006, the Commission issued Decision No. 68604, which approved the
20 Qwest Revised Price Cap Plan and the Settlement Agreement between and among Qwest,
21 the Commission Staff, and the settling intervenors. The Commission determined that
22 Legacy Qwest had met the criteria for deregulation of both Voice Mail Service and Billing
23 and Collection Services. (Decision No. 68604, 11:8-14, 31:12-13). In addition, in
24 Decision No. 55633, issued on July 2, 1987, the Commission approved the request of
25 CenturyLink's predecessor Mountain Bell to deregulate radio telephone services.

1
2 **Q. IF THE COMMISSION APPROVES CENTURYLINK'S REQUEST TO**
3 **DEREGULATE SOME OR ALL OF THE SERVICES, WILL THE COMMISSION**
4 **FOREVER LOSE ITS AUTHORITY OVER CENTURYLINK OR OVER THESE**
5 **SERVICES?**

6 A. No. CenturyLink is asking to be relieved of *rate regulation* specifically and only for the
7 services listed. The company will still be classified as a public service corporation and as a
8 telephone corporation under the Constitution, applicable statutes, and Commission
9 regulations. The services not deregulated will still be subject to rate regulation based on
10 the appropriate Commission rule; for example the services listed in Attachment A of the
11 Application will be price-regulated under A.A.C. R14-2-1109 and 1110 if the Commission
12 adopts CenturyLink's proposals. Furthermore, CenturyLink acknowledges that the
13 deregulation of rates does not preclude future re-regulation if the relevant factors for
14 regulation as outlined in the statute change.

15
16 **B. DEREGULATION ANALYSIS**
17

18 **Q. HOW WILL YOU PROCEED WITH THE ANALYSIS OF WHETHER**
19 **REGULATION SHOULD APPLY TO THE SERVICES LISTED IN**
20 **ATTACHMENT B OF THE APPLICATION?**

21 A. I have separated services offered by CenturyLink into six groups, based on common
22 characteristics of the services. These groups are designated as follows:

- 23
24 • Ancillary
25 • Value Added
26 • Obsolete
27 • Pricing

- Supplemental
- Toll.

I will describe the attributes of each group of services, and explain how the deregulation criteria relate to each group. The intent of this exercise is to facilitate the analysis of a fairly large number of services by segmenting into groups, without having to individually address each and every rate element in CenturyLink's Arizona price lists catalogues and tariffs.

Exhibit RHB-9 provides a list of all the services for which CenturyLink requests deregulation, as listed in Revised Attachment B of CenturyLink's Application. The exhibit lists each service, along with the tariff section, a brief description, and the classification to one of the six groups listed above.

Q. PLEASE DESCRIBE THE ANCILLARY GROUP.

A. The ancillary group includes a diverse set of services that are defined as Ancillary solely for purposes of discussion in this Application for deregulation.⁸⁸ The common characteristic of these services, which include labor, maintenance and premise work charges, directory assistance and other services, is that they do not occur during the course of the transmission of messages; none of these services standing alone constitutes a telecommunications service. Therefore, since they are not involved in the "transmission of messages" none of the Ancillary services meet the first criteria listed above, and since they cannot be considered as common carriage, they do not meet the fourth criteria listed above. Furthermore, voice calls or data transmissions (which are telecommunications services) can be connected, carried, and completed without using the functions provided in this list of

⁸⁸ The use of the word "ancillary" herein is not related to definitions of ancillary that may be used in other state or federal proceedings.

1 services. The subscriber does not have to buy these optional services in order to initiate
2 and complete phone calls or use telecommunications services functionality. Therefore,
3 none of the Ancillary services meet the second criteria for regulation listed above.
4

5 **Q. PLEASE DESCRIBE THE VALUE ADDED GROUP.**

6 A. The Value-added group includes a diverse set of services that are grouped together under
7 the caption of "Value Added," for purposes of discussion. These Value-added services
8 include the "add-ons" and feature functionality that maybe utilized by a
9 telecommunications user, but that are not related to the "transmission" of the call. The
10 group includes custom calling features, nonrecurring charges and dedicated services such
11 as DS1 and DS3. None of the Value Added services meet the first criteria listed above
12 because they are not related to the transmission of call. For example, call transmission
13 does not require custom calling features, nonrecurring charges are unrelated to a call itself,
14 and dedicated private lines services do not utilize the common public switched network.
15 Messages can be connected, carried, and completed, all without using the functions
16 provided in this list of services, all of which are optional. Since the subscriber does not
17 have to buy these services in order use the functionality of the common
18 telecommunications network, none of the Value Added services meet the second criteria
19 for regulation listed above.
20

21 **Q. PLEASE DESCRIBE THE OBSOLETE GROUP.**

22 A. When the company decides that it wants to stop offering a service that is provided under a
23 tariff, it may discontinue offering the service to new customers, but allow existing
24 customers to continue to use the service until the customer disconnects the service. This is
25 commonly referred to as "grandfathering," and these services are categorized in the tariff as

1 “obsolete.” These services often use older technology, and the demand in the market has
2 either diminished or demand is met by more efficient products. Obsolete services include
3 older centrex and centron products, toll offerings and call features. (As discussed above,
4 call features are not part of the core functionality of setting up, transmitting or terminating
5 a call). None of the obsolete services can be ordered by new customers. Because these
6 services are not currently offered by CenturyLink to any customer who wants to purchase
7 them, they do not meet the first and fourth criteria for regulation. Since they can no longer
8 be ordered, they clearly are not an “essential and integral part of transmitting public
9 telegraph or telephone service” and do not meet the second criteria for regulation. Finally,
10 since these services are *not* clothed with a public interest, such as to make the rates,
11 charges, and methods of provision a matter of public concern, the third criteria for
12 regulation is not met.

13 As I noted above, the Commission made a finding of deregulation in a similar situation in
14 its 1987 Opinion and Order, Decision No. 55633, in which it held that mobile radio was a
15 very specialized service and did not require regulation. The Commission cited, among
16 other reasons, that it was subscribed to by far less than 1% of Arizona’s population. These
17 are the same circumstances that exist for the Obsolete group of services, and they should be
18 deregulated as well.

19
20 **Q. PLEASE DESCRIBE THE PRICING GROUP.**

21 A. The Pricing category consists of tariffed services whose only purpose is to state pricing
22 *variations* for regulated services, when packages of services are purchased. This includes
23 services such as Core Connect or Packages that include basic exchange services. These
24 services include components that are otherwise tariffed on a stand-alone basis. It is not
25 necessary to package the services together to make any of the component services meet

1 their intended purpose standing alone. Pricing plans that apply when the customer
2 voluntarily opts to buy packages of different services represent marketing strategies, not
3 telecommunications services. As such the first, second, and fourth criteria for regulation
4 listed above are not met. Furthermore, there is no compelling public interest in regulating
5 packages of services that include elements that are separately regulated by the
6 Commission; thus the services do not meet the third criteria for regulation.

7
8 **Q. PLEASE DESCRIBE THE SUPPLEMENTAL GROUP.**

9 A. The Supplemental group consists of services which are comparable to basic service in some
10 respects, but which are different in other respects. In some cases, the difference may be
11 simply in pricing, such as with additional lines. In these instances, the fact that a particular
12 tariff offers a different price than for basic service only serves to differentiate the service as
13 a marketing strategy and does not constitute a telecommunications service. Pricing
14 differentiations of that nature should be deregulated under the first, second, and fourth
15 criteria listed above. Furthermore, as a matter of policy (the third criteria), there is no
16 compelling interest in regulating multiple copies of services, when the purchase of single
17 copies is already regulated.

18
19 In other cases, there may be functional differences from basic service as well, such as with
20 ISDN service, which includes a data transmission component in addition to offering voice
21 capabilities. By way of analogy, those services are like ordering overnight delivery of
22 packages instead of regular delivery. The additional functionality cannot be considered
23 "essential," because they go above and beyond the basic functionality of transmitting
24 messages. As such, the Supplemental group should be deregulated under the second and
25 fourth criteria listed above. Furthermore, there is no compelling interest in regulating

1 services with added functionality, for which an underlying basic service is separately
2 regulated by the Commission. Therefore, we submit that the Supplemental group should be
3 deregulated under the third criterion as well.
4

5 **Q. PLEASE DESCRIBE THE TOLL GROUP.**

6 A. The Toll category consists of long distance calling options and plans, which have been
7 declared by the Commission as competitive for many years. It is well established that these
8 plans are highly competitive. Given the number of competitive long distance providers, as
9 well as the proliferation of wireless and VoIP options described earlier in my testimony,
10 texting, email, web conferencing, calling cards and other alternatives, it is clear that the
11 rates for long distance calling is no longer a matter of public concern. These services do
12 not meet the third criteria for regulation.
13

14 **Q. WHAT DO YOU CONCLUDE?**

15 A. Based on the analysis above, all of the services listed in Exhibit RHB-9 as well as in
16 revised Attachment B (Exhibit RHB-11) should be deregulated under A.R.S. § 40-281(E).
17

V. EFFECTS FROM PETITION ARE LIMITED

Q. IS CENTURYLINK SEEKING DEREGULATION OR COMPETITIVE CLASSIFICATION FOR THOSE SERVICES LISTED IN BASKET 4 OF THE CURRENT REVISED PRICE CAP PLAN, WHICH ARE PROVIDED TO OTHER TELECOM PROVIDERS?

A. No. CenturyLink is not requesting any changes in the treatment of Basket 4 services, which include switched access, wholesale interconnection services (including UNES) and Public Access Line (PAL) service.

Q. WHAT IMPACT WILL THE APPLICATION HAVE ON THE RESALE OF SERVICES:

A. Nothing in the Application affects the wholesale reseller discount.

Q. WHAT IMPACT WILL THE APPLICATION HAVE ON THE COMMITMENTS CENTURYLINK MADE IN THE MERGER DOCKET?

A. None of the commitments made in the CenturyLink / Qwest merger docket (Docket No. T-01051B-10-0194 et al., Decision No. 72232) will be changed by granting the relief requested in the Application.

Q. WILL CENTURYLINK'S APPLICATION HAVE ANY IMPACT ON THE COMPANY'S SAFETY NET PROGRAMS?

A. No. As stated in CenturyLink's application, the proposals described in my testimony do not negatively impact important safety net features that the Commission has previously approved, including:

- 1
2 a. Lifeline programs, which provide discounts to low income individuals;
3 b. CenturyLink's Service Quality Tariff, which provides service standards in
4 connection with the Company's basic service offerings, as well as penalties and
5 incentives in connection with actual performance levels; and
6 c. General Terms and Conditions, which contain important customer and company
7 safeguards in connection with the ordering, billing, and provisioning of the
8 Company's services.
9

10 **VI. SUMMARY OF RELIEF REQUESTED**
11

12 **Q. WHAT ACTION ARE YOU REQUESTING FROM THE COMMISSION IN THIS**
13 **PROCEEDING?**

14 A. First, we ask the Commission to declare that CenturyLink's regulated services are
15 competitive under Commission Rule 1108, with the exception of (1) wholesale services
16 that are represented in Basket 4 of the Revised Price Cap Plan, and (2) services that are
17 deregulated by the Commission by granting the second part of our Application. We ask
18 that all of the tariffs provisions contained in the current CenturyLink Exchange and
19 Network Services Price Cap Tariff be included in that competitive declaration, except as
20 noted. CenturyLink's Application requested that Commission classify the services listed
21 on Attachment A to the Application as competitive under Commission Rule 1108. Minor
22 revisions to the list of services have been made, and the Revised Attachment A is included
23 in my testimony, attached as Exhibit 10. Attachment A, as submitted with the Application
24 and as revised, is intended to provide a format by which the services we seek to have

1 classified as competitive may be readily compared to the services in the "Basket" structure
2 of the Revised Price Cap Plan. The request for competitive classification extends to
3 services that are included in Basket 1 of the Revised Price Cap Plan, with a few exceptions
4 as depicted in Exhibit RHB-10.

5
6 Second, CenturyLink asks the Commission to deregulate the services that are listed in
7 Attachment B of its Application, which has been slightly modified by my testimony.
8 Revised Attachment B is attached to my testimony, marked as Exhibit 11. Attachment B,
9 as submitted with the Application and as revised, is intended to provide a format which
10 permits ready comparison to the "Basket" structure of the Revised Price Cap Plan. The
11 services listed on Attachment B come from the competitive baskets, which are Baskets 2
12 and 3. By our Application we ask the Commission to deregulate all the services listed and
13 the associated terms and conditions in the Competitive Exchange and Network Services
14 Price Cap Tariff No. 2, the Competitive Private Line Transport Services Price Cap Tariff,
15 and the Competitive Advance Communications Services Price Cap Tariff, with several
16 exceptions which are reflected in the Revised Attachments A and B (Exhibits RHB-10 and
17 11).

18
19 **Q. WHAT IS THE EFFECT OF THIS APPLICATION WITH RESPECT TO THE**
20 **QWEST PRICE CAP PLAN?**

21 **A.** In an informal meeting of the Applicant, the Commission Staff, RUCO, a consensus was
22 formed that Price Cap Plan docket (Docket No. T-01051B-03-0454) should be held in
23 abeyance while this Application is processed and decided. While this docket is underway,
24 CenturyLink will of course operate under the current Price Cap Plan.

25

1 Obviously, we will have to come back to the Price Cap Plan docket once this proceeding is
2 concluded. If this Application is approved (in whole or in part) we will need to wrap up the
3 Price Cap Plan. The Revised Price Cap Plan order will have to be revisited, and tariffs
4 filed under those orders will have to be modified or withdrawn, consistent with the
5 resolution reached in this proceeding.

6
7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes, it does.
9

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE

Chairman

BOB STUMP

Commissioner

SANDRA D. KENNEDY

Commissioner

PAUL NEWMAN

Commissioner

BRENDA BURNS

Commissioner

**IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION D/B/A CENTURYLINK-
QC ("CENTURYLINK") TO CLASSIFY AND
REGULATE RETAIL LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES AS
COMPETITIVE, AND TO CLASSIFY AND
DEREGULATE CERTAIN SERVICES AS NON-
ESSENTIAL**

DOCKET NO. T-01051B-11-0378

DIRECT EXHIBITS

OF

ROBERT H. BRIGHAM

ON BEHALF OF

CENTURYLINK

JANUARY 25, 2012

Arizona Consumer Market Share

(Centris Data)

	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Voice Lines - CenturyLink	REDACTED					
Total Cable Telephony						
CableOne						
Comcast						
Cox						
Mediacom						
Other						
VoIP						
CLECs						
Wireless Substitution						
No Voice/Other						
Total						

Centris data is developed from survey data, third party data bases and market models for Qwest's market panning and competitor intelligence purposes. Although deemed to be representative of market conditions, Centris makes no representations or warranties to third parties regarding the accuracy of this data.

Arizona SMB Wireline Market Share

Small business

	REDACTED
L-Qwest	
Cox	
Integra	
XO	
Other CLEC	
Level 3	
tw telecom	
Paetec	
Verizon	
AT&T	
Comcast	
Global Crossing	
Other Cable	
Cbeyond	
All Other Type	

Medium business

	REDACTED
L-Qwest	
Cox	
Integra	
XO	
tw telecom	
Other CLEC	
Level 3	
Paetec	
Verizon	
AT&T	
Comcast	
Global Crossing	
Cbeyond	
Other Cable	
All Other Type	

Centris data is developed from survey data, third party data bases and market models for Qwest's market panning and competitor intelligence purposes. Although deemed to be representative of market conditions, Centris makes no representations or warranties to third parties regarding the accuracy of this data. Small business is defined as firms spending <\$1,500 / month (ex-wireless) and Mid Markets are firms spending between \$1,500 and \$5,000/ month (ex-wireless)

CONFIDENTIAL

Wire Center	CTL Lines 2010	Cable 1	Cable 2
ASHFORK	ASFKAZMA		
BEARDSLEY	BRDSAZMA	Cox	
BENSON	BNSNAZMA	Cox	
BETHANY WEST	PHNXAZBW	Cox	
BISBEE	BISBAZMA	Cable One	
BLACK CANYON	BLCNAZMA		
BUCKEYE	BCKYAZMA	Cox	
CACTUS	PHNXAZCA	Cox	
CAMP VERDE	CMVRAZMA	Suddenlink	
CASA GRANDE	CSGRAZMA	Cox	
CATALINA	TCSNAZCA	Cox	Comcast
CAVE CREEK	CVCKAZMA	Cox	
CHANDLER MAIN	CHNDAZMA	Cox	
CHANDLER SOUTH	CHNDAZSO	Cox	
CHANDLER WEST	CHNDAZWE	Cox	
CHINO VALLEY	CHVYAZMA	Cable One	
CIRCLE CITY	CRCYAZNM	Cox	
COLDWATER (Goodyear)	GDYRAZCW	Cox	
COOLIDGE	CLDGAZMA	Cox	
CORONADO	CRNDAZMA	Comcast	
CORTARO	TCSNAZCO	Cox	Comcast
COTTONWOOD MAIN	CTWDAZMA	Cable One	Suddenlink
COTTONWOOD SOUTH	CTWDAZSO	Cable One	Suddenlink
CRAYCROFT	TCSNAZCR	Cox	Comcast
DEER VALLEY NORTH	DRVYAZNO	Cox	
DOUGLAS	DGLSAZMA	Cox	
DUDLEYVILLE	DDVLAZNM		
ELGIN (Patagonia)	PTGNAZEL		
ELOY	ELOYAZ01		
FLAGSTAFF EAST	FLGSAZEA	Suddenlink	
FLAGSTAFF MAIN	FLGSAZMA	Suddenlink	
FLAGSTAFF SOUTH	FLGSAZSO	Suddenlink	
FLORENCE	FLRNAZMA	Cox	
FLOWING WELLS	TCSNAZFW	Cox	Comcast
FOOTHILLS	PHNXAZ81	Cox	
FORTUNA (Yuma)	YUMAAZFT	Time Warner	
FT MCDOWELL	FTMDAZMA	Cox	
GILA BEND	GLBNAZMA	Cox	
GILBERT	MESAAZGI	Cox	
GLENDALE	GLDLAZMA	Cox	
GLOBE	GLOBAZMA	Cable One	
GRAND CANYON	GRCNAZMA		
GREEN VALLEY	GNVYAZMA	Cox	Comcast
GREENWAY	PHNXAZGR	Cox	
HAYDEN	HYDNAZMA		

REDACTED

Wire Center	CTL Lines 2010	Cable 1	Cable 2
HIGLEY	HGLYAZMA	Cox	
HUMBOLDT	HMBLAZMA	Cable One	
JOSEPH CITY	JSCYAZMA	Cable One	
KEARNY	KRNYAZMA		
LAVEEN	PHNXAZLV	Cox	
LITCHFIELD PARK	LTPKAZMA	Cox	
MAMMOTH	MMTHAZMA		
MARANA	MARNAZMA	Comcast	
MARICOPA	MRCPAZMA	Cox	
MARYVALE	PHNXAZMY	Cox	
MCCLINTOCK	TEMPAZMC	Cox	
MESA	MESAAZMA	Cox	
MIAMI	MIAMAZMA	Cable One	
MID RIVERS	PHNXAZMR	Cox	
MT LEMMON	TCSNAZML	Cox	Comcast
MUNDS PARK	MSPKAZMA	Suddenlink	
NEW RIVER	NWRVAZMA	Cox	
NOGALES MAIN	NGLSAZMA	Mediacom	
NOGALES MIDWAY	NGLSAZMW	Mediacom	
ORACLE	ORCLAZMA		
PAGE	PAGEAZMA	Cable One	
PALOMINAS	PLMNAZMA	Cox	
PATAGONIA	PTGNAZMA	Cox	
PAYSON	PYSNAZMA	Suddenlink	
PECOS	PHNXAZPP	Cox	
PEORIA	PHNXAZPR	Cox	
PHOENIX EAST	PHNXAZEA	Cox	
PHOENIX MAIN	PHNXAZMA	Cox	
PHOENIX NORTH	PHNXAZNO	Cox	
PHOENIX NORTHEAST	PHNXAZNE	Cox	
PHOENIX NORTHWEST	PHNXAZNW	Cox	
PHOENIX SOUTH	PHNXAZSO	Cox	
PHOENIX SOUTHEAST	PHNXAZSE	Cox	
PHOENIX WEST	PHNXAZWE	Cox	
PIMA	PIMAAZMA	Cable One	Comcast
PINE	PINEAZMA	Suddenlink	
PINNACLE PEAK	PRVYAZPP	Cox	
PRESCOTT EAST	PRSCAZEA	Cable One	
PRESCOTT MAIN	PRSCAZMA	Cable One	
QUEEN CREEK	HGLYAZQC	Cox	
RINCON	TCSNAZRN	Cox	Comcast
RIO VERDE	FTMDAZNO	Cox	
SAFFORD	SFFRAZMA	Cable One	
SAN MANUEL	SNMNAZMA		
SCOTTSDALE MAIN	SCDLAZMA	Cox	
SEDONA MAIN	SEDNAZMA	Suddenlink	

Wire Center	CTL Lines 2010	Cable 1	Cable 2
SEDONA SOUTH	SEDNAZSO	Suddenlink	
SHEA	SCDLAZSH	Cox	
SIERRA VISTA MAIN	SRVSAZMA	Cox	
SIERRA VISTA NORTH	SRVSAZNO	Cox	
SIERRA VISTA SOUTH	SRVSAZSO	Cox	
SOMERTON	SMTNAZMA	Time Warner Cable	
ST DAVID	BNSNAZSD	Cox	
STANFIELD	STFDAZMA		
SUNNYSLOPE	PHNXAZSY	Cox	
SUNRISE (Agua Fria)	AGFIAZSR	Cox	
SUPER EAST	SPRSAZEA	Cox	
SUPER MAIN	SPRSAZMA	Cox	
SUPER WEST	SPRSAZWE	Cox	
SUPERIOR	SPRRAZMA		
TANQUE VERDE	TCSNAZTV	Cox	
TEMPE	TEMPAZMA	Cox	
THUNDERBIRD	SCDLAZTH	Cox	
TOLLESON	TLSNAZMA	Cox	
TOMBSTONE	TMBSAZMA	Cox	
TONTO CREEK	TNCKAZMA		
TUBAC	TUBCAZMA		
TUCSON EAST	TCSNAZEA	Cox	
TUCSON MAIN	TCSNAZMA	Cox	
TUCSON NORTH	TCSNAZNO	Cox	
TUCSON SOUTH	TCSNAZSO	Cox	
TUCSON SOUTHEAST	TCSNAZSE	Cox	
TUCSON SOUTHWEST	TCSNAZSW	Cox	
TUCSON WEST	TCSNAZWE	Cox	
VAIL NORTH	VAILAZNO	Comcast	Cox
VAIL SOUTH	VAILAZSO	Comcast	Cox
WELLTON	WLTNAZMA		
WHITE TANKS	WHTKAZMA	Cox	
WHITLOW	WHTLAZMA	Cox	
WICKENBURG	WCBGAZMA	Cox	
WILLCOX	WLCXAZMA	Cox	
WILLIAMS	WLMSAZMA	Suddenlink	
WINSLOW	WNSLAZMA	Cable One	
WINTERSBURG	WNBGAZ01	Cox	
YARNELL	YRNLAZMA	Cable One	
YUMA MAIN	YUMAAZMA	Time Warner	
YUMA SOUTHEAST	YUMAAZSE	Time Warner	
Grand Total			

ASKFORK
BEARDSLEY
BENSON
BETHANY WEST
BISBEE
BLACK CANYON
BUCKEYE
CACTUS
CAMP VERDE
CASA GRANDE
CATALINA
CAVE CREEK
CHANDLER MAIN
CHANDLER SOUTH
CHANDLER WEST
CHINO VALLEY
CIRCLE CITY
COLDWATER

Total CLECs
360networks Corporation
AT&T
Bandwidth.com
Citynet
Comcast Corporation
Cox Communications
Frontier Communications Corporation
Gila River Telecommunications
Global Crossing
Great West Services
Integra Telecom
Level 3 Communications
MCC TELEPHONY
Neutral Tandem
North County Communications
Pac-West Telecomm
Paetec Communications
Peerless Network
Qwest
Sharenet Communications Co
Sprint Communications
tw telecom
Valley Telephone Cooperative (Arizona)
Verizon
XO Communications
YMAX Communications Corp

REDACTED

Note: 1 = presence in wire center.

Confidential Data

Total CLECs
360networks Corporation
AT&T
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Verizon
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COOLIDGE
CORONADO
CORTARO
COTTONWOOD MAIN
COTTONWOOD SOUTH
GRAYCROFT
DEER VALLEY NORTH
DOUGLAS
DUDLEVILLE
ELGIN
ELOY
FLAGSTAFF EAST
FLAGSTAFF MAIN
FLAGSTAFF SOUTH
FLORENCE
FLOWING WELLS
FOOTHILLS
FORTUNA

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FT MCDOWELL
GILA BEND
GILBERT
GLENDALE
GLOBE
GRAND CANYON
GREEN VALLEY
GREENWAY
HAYDEN
HIGLEY
HUMBOLDT
JOSEPH CITY
KEARNY
LAVEEN
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MAMMOTH
MARANA MAIN
MARICOPA

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Verizon
XO Communications
YMAX Communications Corp

MARYVALE
MCCLINTOCK
MESA
MIAMI
MID RIVERS
MT LEMMON
MUNDS PARK
NEW RIVER
NOGALES MAIN
NOGALES MIDWAY
ORACLE
PAGE
PALOMINAS
PATAGONIA
PAYSON
PECOS
PEORIA
PHOENIX EAST

REDACTED

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Confidential Data

PHOENIX MAIN
PHOENIX NORTH
PHOENIX NORTHEAST
PHOENIX NORTHWEST
PHOENIX SOUTH
PHOENIX SOUTHEAST
PHOENIX WEST
PIMA
PINE
PINNACLE PEAK
PRESCOTT
PRESCOTT EAST
QUEEN CREEK
RINCON
ROBLES
SAFORD
SAN MANUEL
SCOTSDALE MAIN

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Verizon
XO Communications
YMAX Communications Corp

REDACTED

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Confidential Data

SEDONA MAIN
SEDONA SOUTH
SHEA
SIERRA VISTA MAIN
SIERRA VISTA NORTH
SIERRA VISTA SOUTH
SOMERTON
ST DAVID
STANFIELD
SUNNYSLOPE
SUNRISE
SUPER EAST
SUPER MAIN
SUPER WEST
SUPERIOR
TANQUE VERDE
TEMPE
THUNDERBIRD

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Qwest
Sharenet Communications Co
Sprint Communications
tw telecom
Valley Telephone Cooperative (Arizona)
Verizon
XO Communications
YMAX Communications Corp

TOLLESON
TOMBSTONE
TONTA CREEK
TUBAC
TUCSON EAST
TUCSON MAIN
TUCSON NORTH
TUCSON SOUTH
TUCSON SOUTHEAST
TUCSON SOUTHWEST
TUCSON WEST
VAIL NORTH
VAIL SOUTH
WELLTON
WHITE TANKS
WHITLOW
WICKENBURG
WILCOX

REDACTED

Note: 1 = presence in wire center.

Confidential Data

WILLIAMS
WINSLOW
WINTERSBURG
YARNELL
YUMA MAIN
YUMA SOUTHEAST

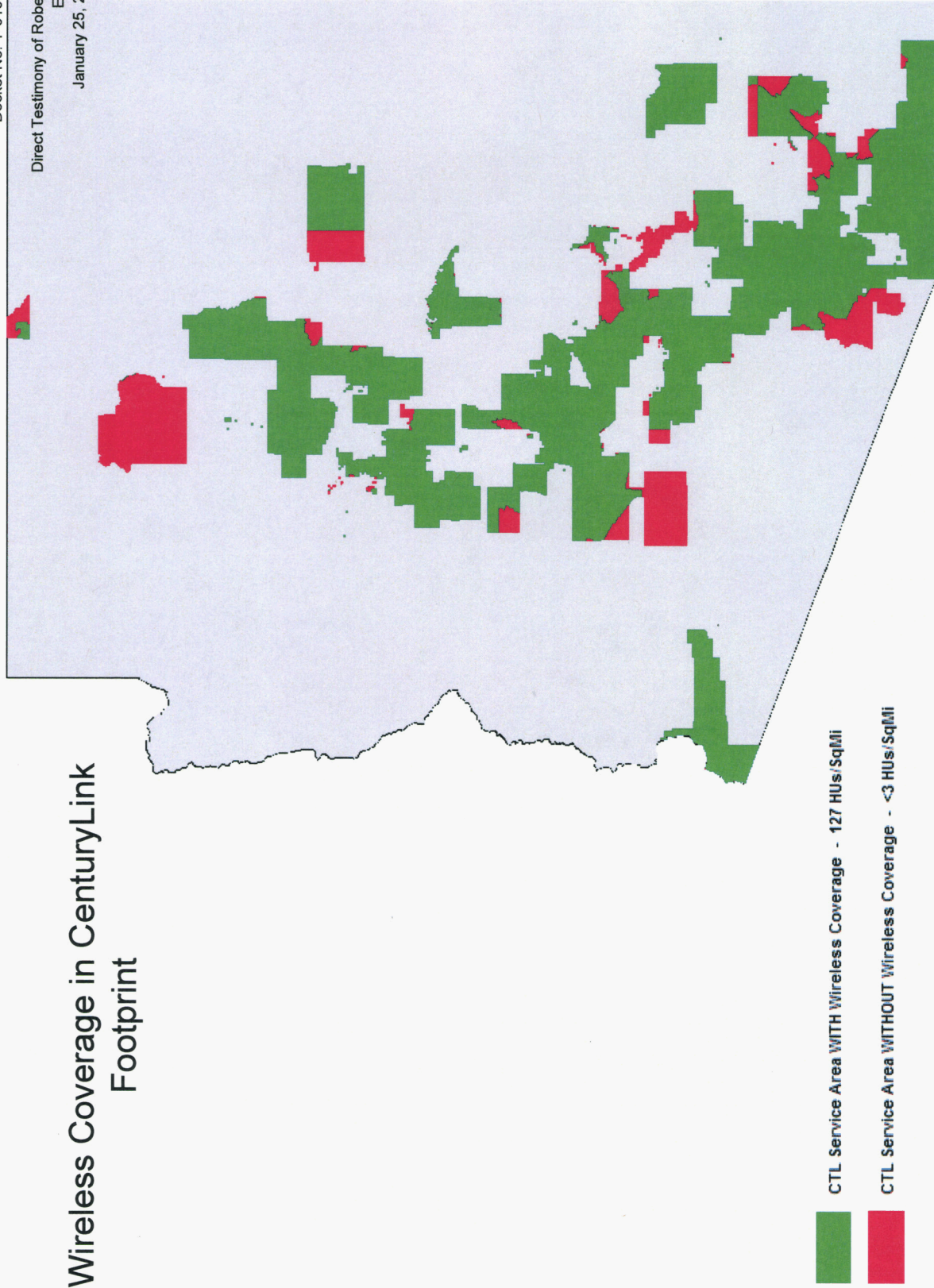
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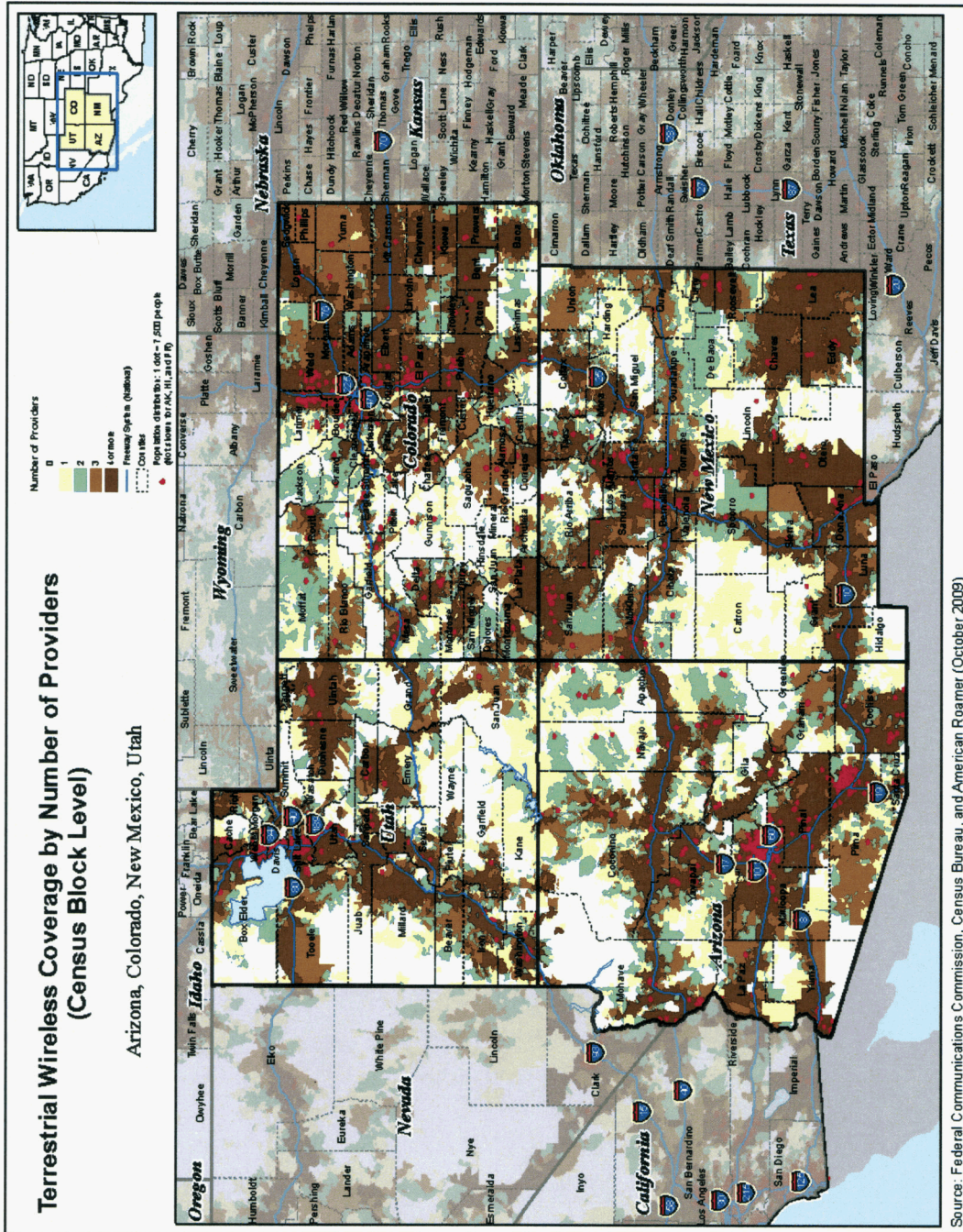
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AT&T
Bandwidth.com
Citynet
Comcast Corporation
Cox Communications
Frontier Communications Corporation
Gila River Telecommunications
Global Crossing
Great West Services
Integra Telecom
Level 3 Communications
MCC TELEPHONY
Neutral Tandem
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Peerless Network
Qwest
Sharenet Communications Co
Sprint Communications
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Valley Telephone Cooperative (Arizona)
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YMAX Communications Corp

Note: 1 = presence in wire center.

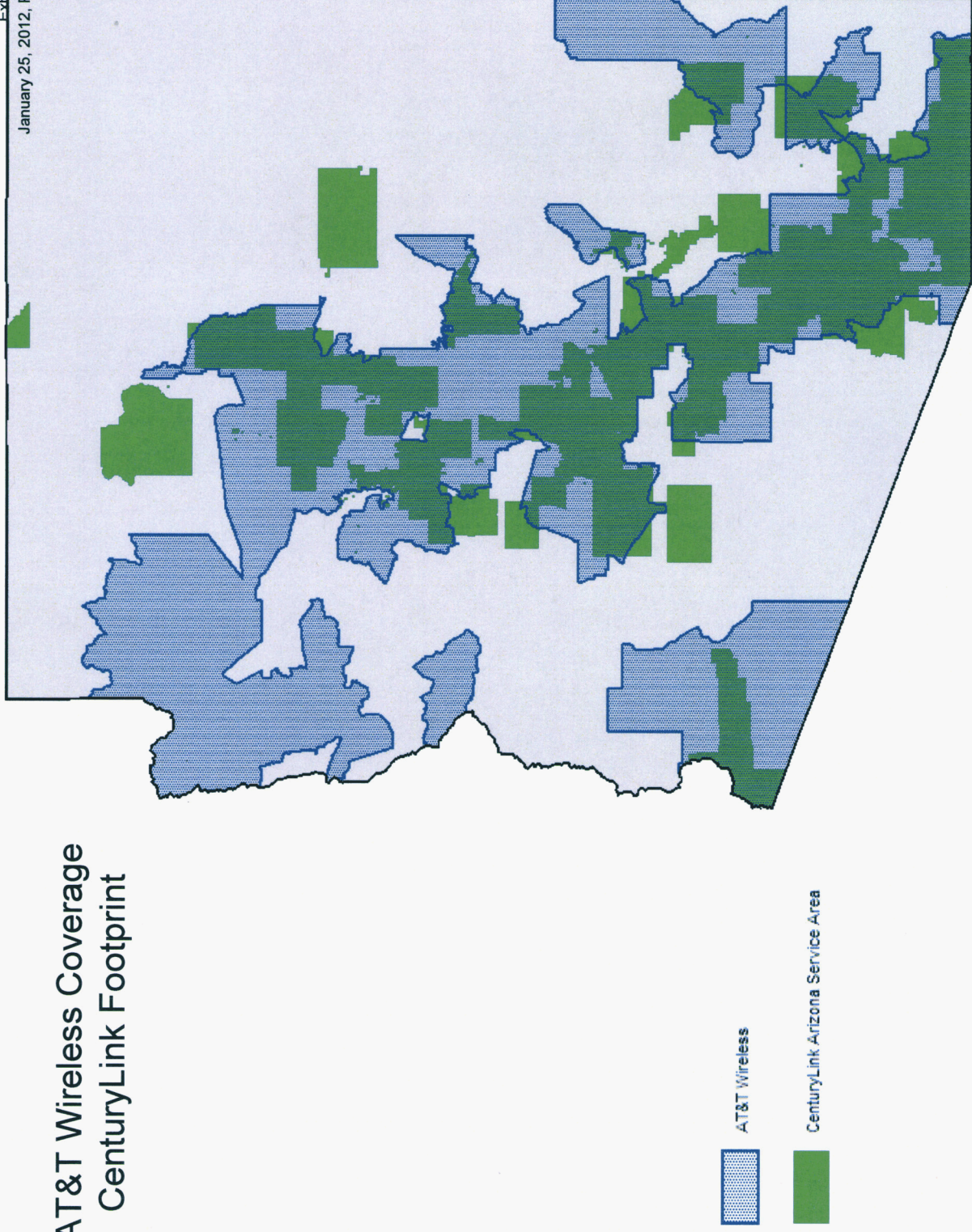
Confidential Data

Wireless Coverage in CenturyLink Footprint

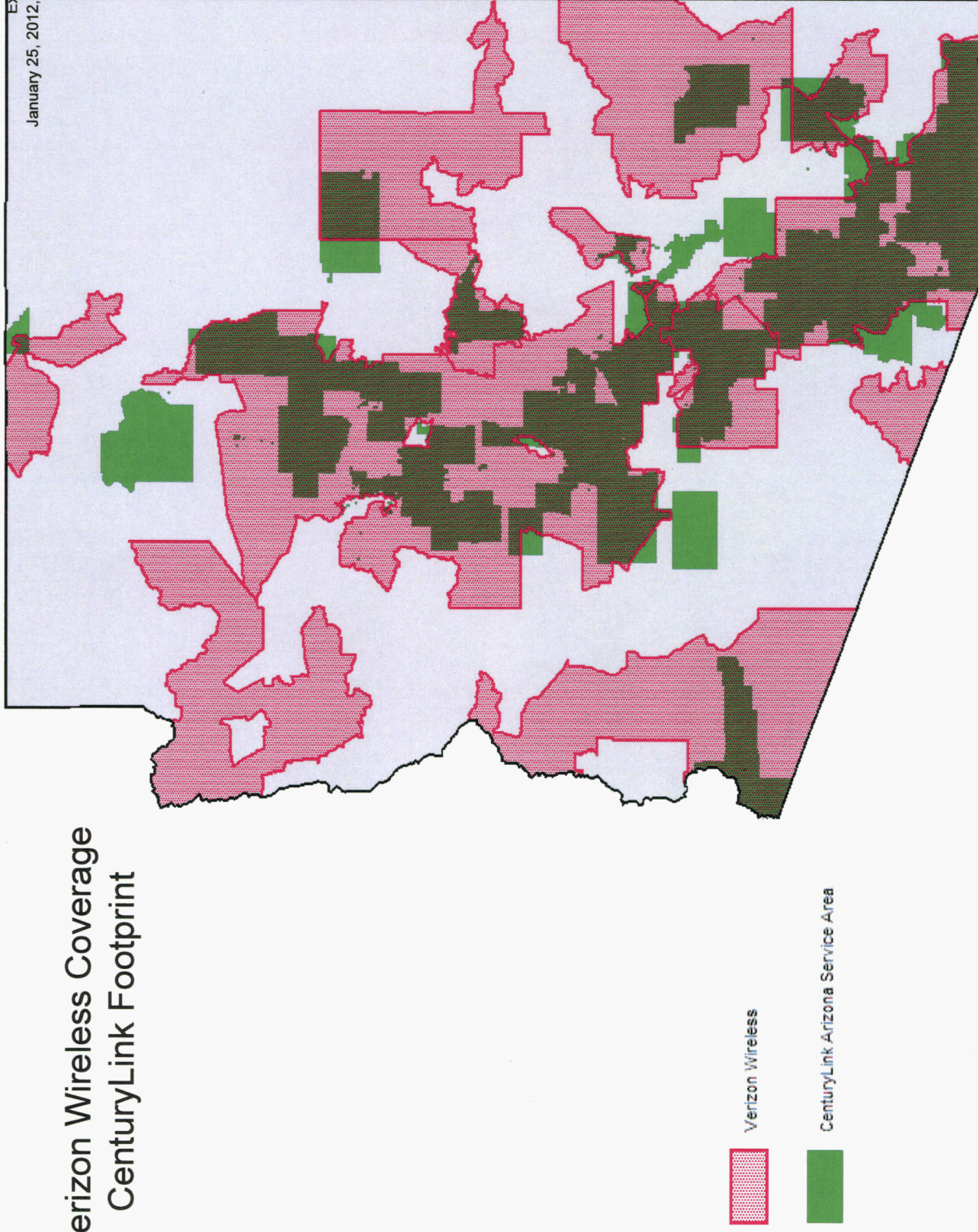




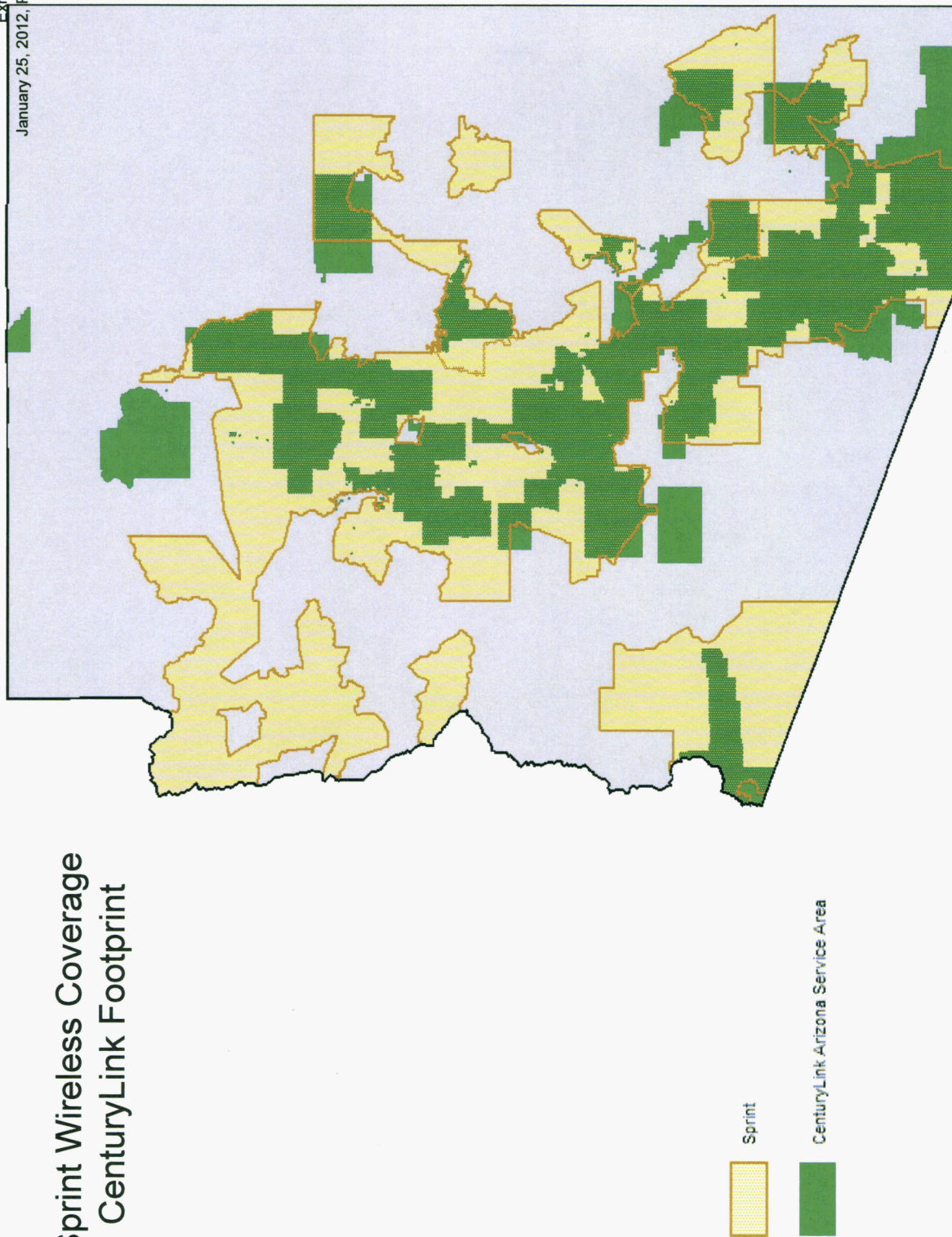
AT&T Wireless Coverage CenturyLink Footprint



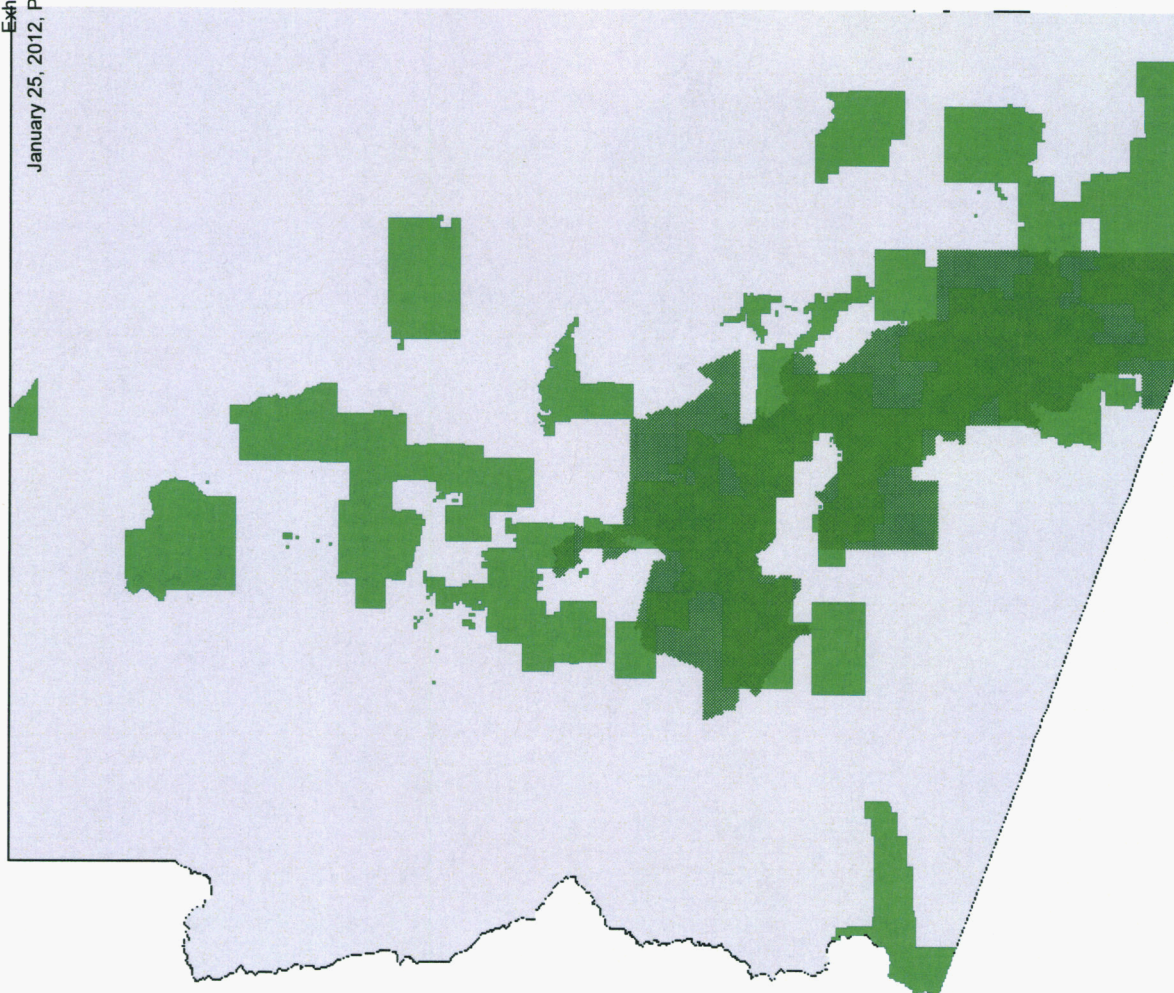
Verizon Wireless Coverage CenturyLink Footprint



Sprint Wireless Coverage CenturyLink Footprint



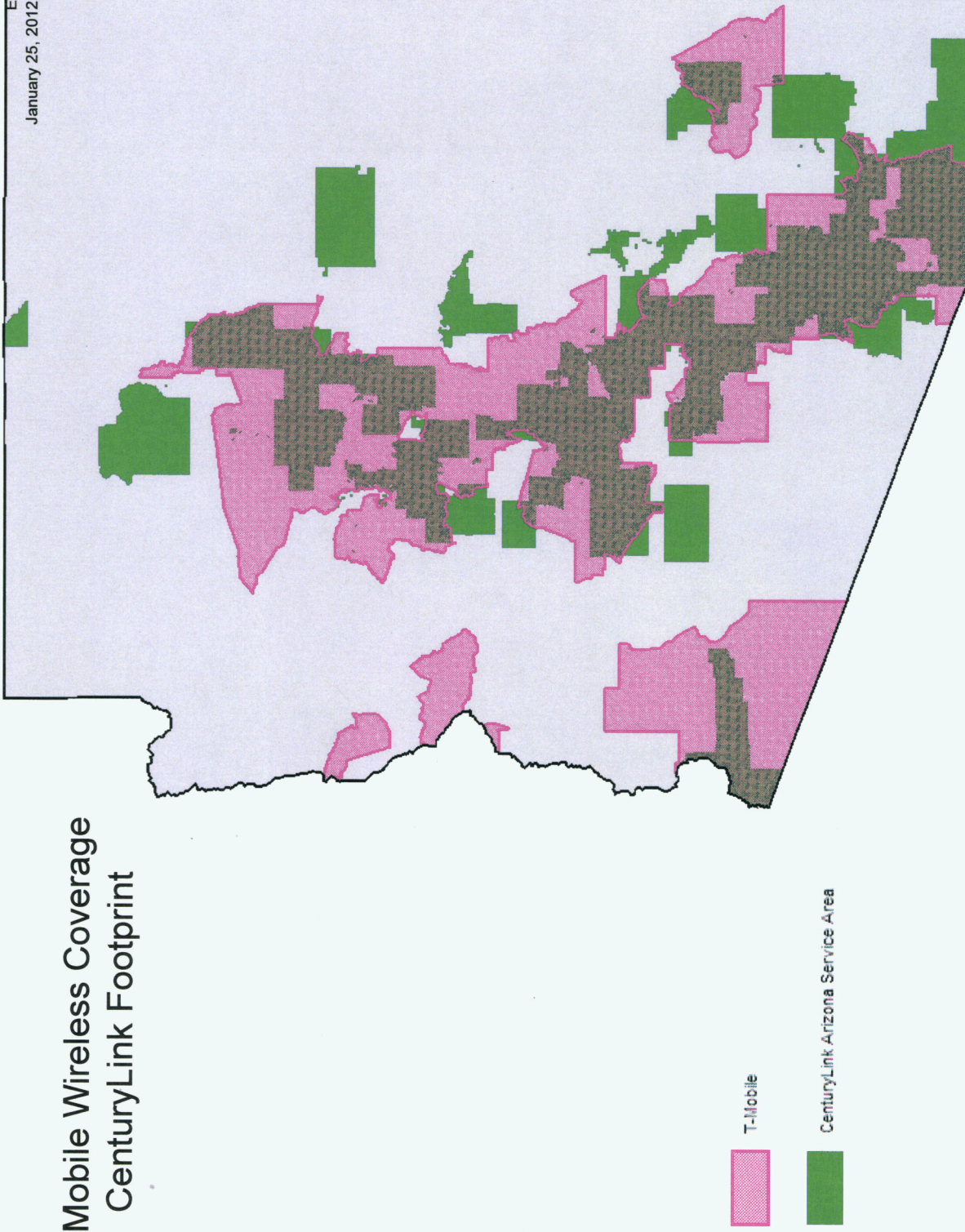
Cricket Wireless Coverage CenturyLink Footprint



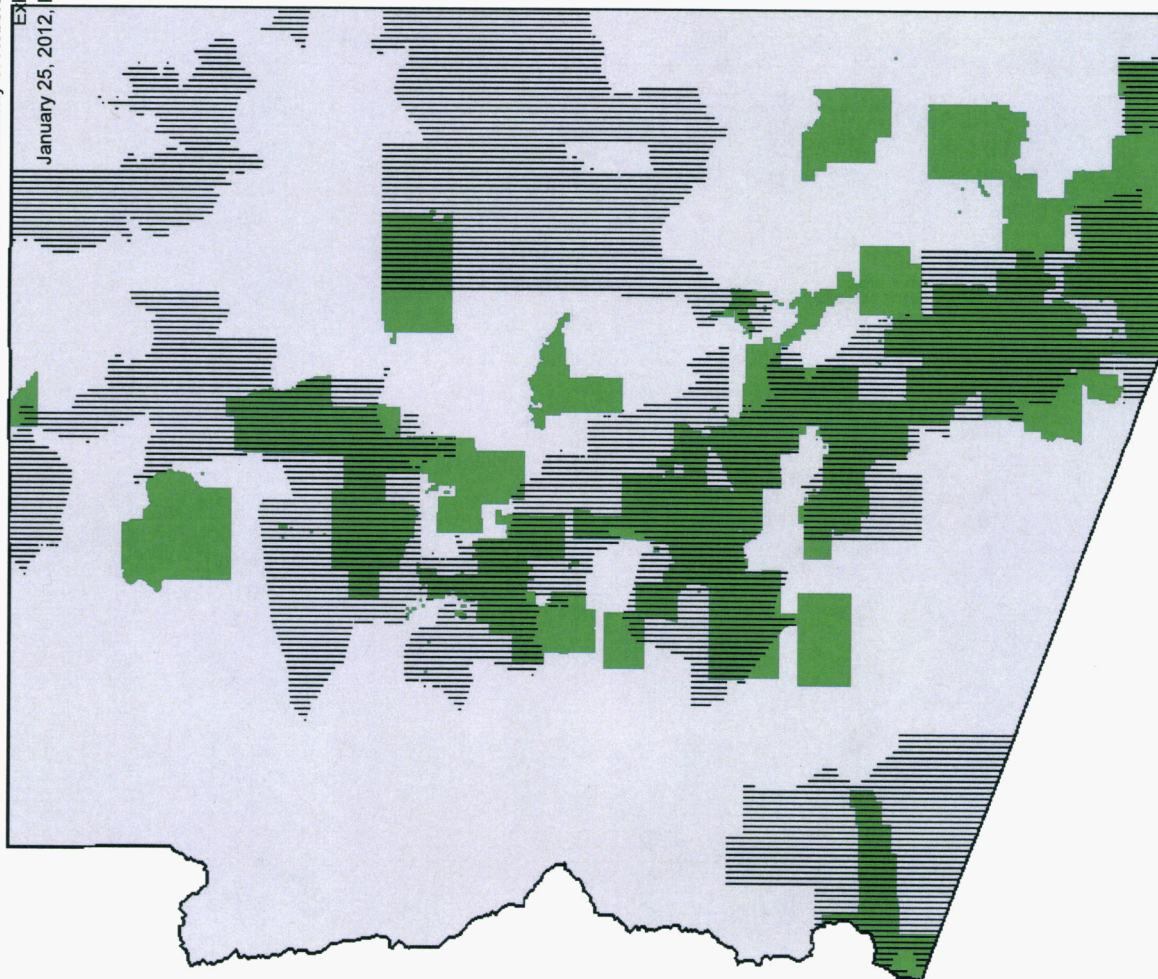
Cricket

CenturyLink Arizona Service Area

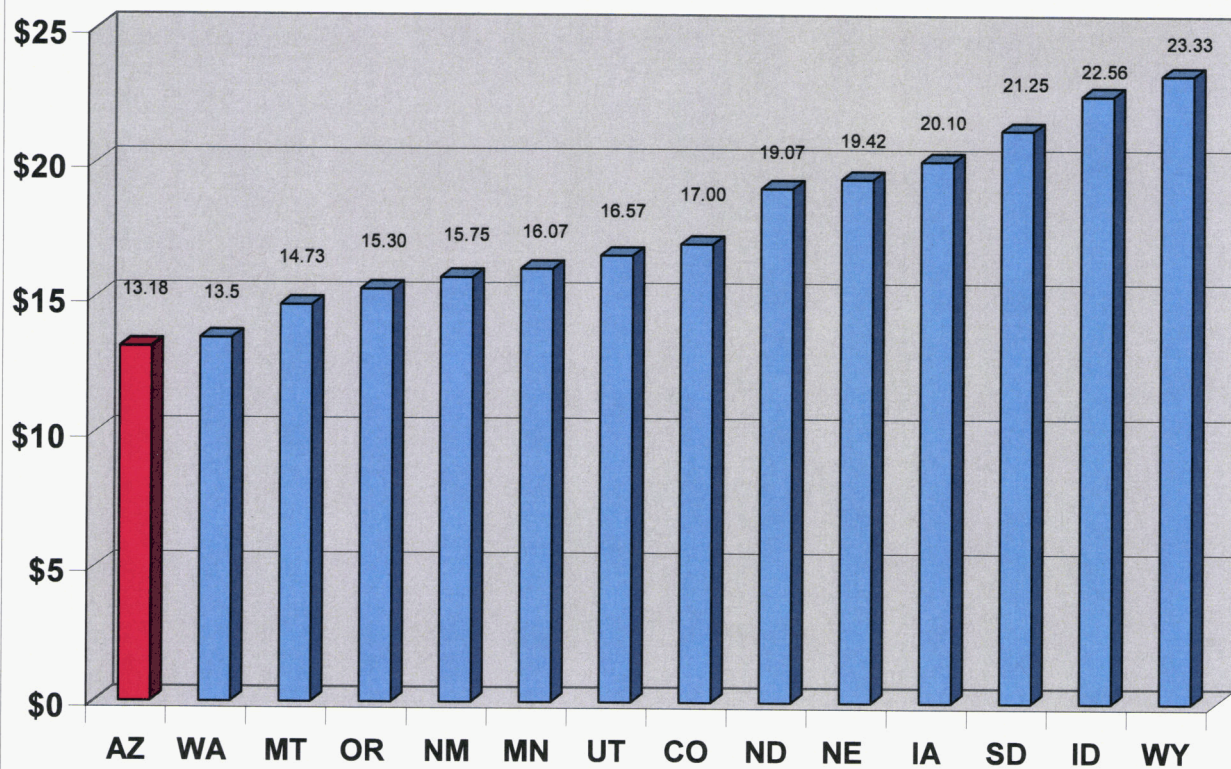
T-Mobile Wireless Coverage CenturyLink Footprint



Other Wireless Coverage CenturyLink Footprint



Basic Residential Rate Comparison* Legacy Qwest States



*Includes 1FR primary line rate plus EAS

NON ESSENTIAL SERVICES

Arizona Corporation Commission
Docket No. T-01051B-11-0378
CenturyLink
Direct Testimony of Robert H. Brigham
Exhibit RHB-9
January 25, 2012, Page 1 of 11

Tariff Section (Tariff Heading	Description	Category
C10.10.1	MESSAGE DELIVERY SERVICE	Message Delivery Service transmits call information pertaining to all incoming calls to a Message Delivery Service customer's Multiline Hunt Group. This service enables the customer to identify the called client on forwarded calls and provide personalized answering responses to those clients calls. Additionally, the identity of the calling directory number (if the calling number is available) will allow the customer to provide more personalized answering to the caller.	Value Added
C10.10.2	MESSAGE WAITING INDICATION	Message Waiting Indication-Audible is a feature whereby subscribing clients will hear an audible interrupted tone, when lifting the receiver, giving an indication of a message waiting for the client at the client's chosen Message Delivery Service provider (provider). The tone will be initiated by the provider over the provider client's telephone line. The client may call the provider for their message or ignore the tone and place a call. The tone will continue until the message has been retrieved.	Value Added
C10.3.2	CENTRAL OFFICE MAKE BUSY/STOP HUNT	The central office make busy/stop hunt is designed to enable the customer, who has more than one central office line, to manually busy-out a line or a group of lines, or stop the hunting sequence at a specified line.	Value Added
C10.4.1	CUSTOMNET SERVICE	CUSTOMNET Service enables a customer, by means of Company operator identification, to restrict outgoing toll calls by their station users to only collect calls, bill to third party calls, and calling card calls.	Value Added
C105.10	OBSOLETE RESALE/SHARING OF COMPANY SERVICES	The Resale/Sharing of the following Exchange Services furnished by the Company: • Business measured PBX trunks. • Business measured access lines. • Flat rate resale access lines.	Obsolete
C105.2.5	OBSOLETE LOCAL SERVICE OPTIONS	Specialized local service offerings: 1. Customeret Service: two or more access lines, each at a different location in the same local service area with the capability of answering calls for one line or each of the lines at another location. 2. Qwest Utility Line Service: additional flat rate access line that allows business customers to expand access and capacity to their business. Does not allow features or a listing and must be purchased with another specified exchange service.	Obsolete
C105.3.4	OBSOLETE DID SERVICE	Direct-Inward-Dialing (DID) Service is a special trunking arrangement which permits incoming calls from the exchange network to reach a specific PBX station directly without an attendant's assistance.	Obsolete
C105.3.5	OBSOLETE IDENTIFIED OUTWARD DIALING	The IOD feature identifies all outgoing long distance calls and lists such calls on the customer's bill. The Operator IOD calls are on a per call basis. The Automatic IOD calls are on a per trunk basis.	Obsolete
C105.4.10	CUSTOM RINGING SERVICE	Custom Ringing is a central office based service which provides up to three distinctive ringing codes on incoming calls, using one individual access line. The distinctive ringing codes are achieved by assigning up to three additional telephone numbers to the access line.	Obsolete
C105.4.11	OBSOLETE HUNTING SERVICE	Hunting Service is an optional arrangement available to customers with two or more individual line services. Where facilities permit, such lines will be arranged so that incoming calls to a busy line will overflow to other of the customer's lines not busy. The following types of hunting arrangements are available: series and multiline (basic hunting), circular, and preferential.	Obsolete
C105.4.3	OBSOLETE CUSTOM CALLING SERVICES	Custom Calling Features are special services that offer convenience and control over outgoing and incoming calls.	Obsolete
C105.7.1	OBSOLETE LISTINGS	The alphabetical directory is a list of names of customers and others for whom directory listings are provided. Alphabetical listings include information which is essential to the identification of the listed party and facilitates the use of the directory.	Obsolete
C109.2.3	OBSOLETE EMERGENCY ALARM AND REPORTING SERVICE	Public Emergency Reporting Service is designed for use of police and volunteer fire departments, etc., in small manual and community dial exchanges. The system is arranged so that the line associated with the telephone number designated to receive fire or other emergency reporting calls may be terminated in a number of telephones at various locations in the exchange. This arrangement will permit a number of people to receive emergency calls and sound the alarm where required.	Obsolete
C110.3.1	OBSOLETE ARRANGEMENTS FOR NIGHT, SUNDAY, HOLIDAY SERVICE	Special arrangements may be made to provide for CO service for PBX systems outside the usual business hours; i.e., at night, and on Sundays, and holidays, when an attendant is not regularly on duty.	Obsolete

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C110.4.2	OBSOLETE TOLL DIVERSION	Toll diverting service is an arrangement available in connection with private branch exchange type services which denies direct access to the toll network. Calls directed to the toll network are diverted to the attendant.	Obsolete
C110.8	OBSOLETE NETWORK CONNECTING ARRANGMENTS	Connection of customer equipment and facilities to facilities of the Company.	Obsolete
C125.1	OBSOLETE CUSTOMIZED SERVICES OF EQUIPMENT OR SERVICE ARRANGEMENTS	One-off arrangements of equipment and services requested by customers for specialized situations that cannot be addressed with existing tariffed services.	Obsolete
C15.1	DIGITAL SWITCHED SERVICES (DSS)	Digital Switched Service provides digital exchange service for PBX customers. DSS includes a DSS facility, common equipment, local exchange switching and flat usage trunks for access to the local exchange and toll networks. Each DSS facility utilizes 24 channels which may be configured as either basic or advanced trunks, as defined below, or a combination of both types of trunks.	Supplemental
C25.1	CUSTOMIZED SERVICE EQUIPMENT OR SERVICE ARRANGEMENTS	One-off arrangements of equipment and services requested by customers for specialized situations that cannot be addressed with existing tariffed services.	Value Added
C5.10	RESALE/SHARING OF COMPANY SERVICES	The Resale/Sharing of the following Exchange Services furnished by the Company: • Business measured PBX trunks. • Business measured access lines. • Flat rate resale access lines.	Supplemental
C5.2.2	LOW USE OPTION SERVICE - ADDITIONAL LINES	Residential service for which message unit charges are based on the number of local calls placed. The Low Use Option includes an individual exchange access line with touch-tone capabilities.	Supplemental
C5.2.4	FLAT RATE SERVICE - ADDITIONAL LINES	A local exchange access line which is not the customer's primary access line at a given location.	Supplemental
C5.2.5.A	PUBLIC RESPONSE CALLING SERVICE	Public Response Calling Service, also known as Choke Network, provides facilities for call-in programs, including but not limited to radio, television, or internet promotional activities that result in mass calling by the general public to a telephone number.	Value Added
C5.3.4	DIRECT INWARD DIALING (DID) SERVICE	Direct-Inward-Dialing (DID) Service is a special trunking arrangement which permits incoming calls from the exchange network to reach a specific PBX station directly without an attendant's assistance.	Value Added
C5.4.10	CUSTOM RINGING SERVICE	Custom Ringing is a central office based service which provides up to three distinctive ringing codes on incoming calls, using one individual access line. The distinctive ringing codes are achieved by assigning up to three additional telephone numbers to the access line.	Value Added
C5.4.11	HUNTING SERVICE	Hunting Service is an optional arrangement available to customers with two or more individual line services. Where facilities permit, such lines will be arranged so that incoming calls to a busy line will overflow to other of the customer's lines not busy. The following types of hunting arrangements are available: series and multiline (basic hunting), circular, and preferential.	Value Added
C5.4.19	NUMBER FORWARDING	Number Forwarding allows a residence customer to have a telephone number identity without having an exchange access line. Calls placed to the telephone number can be forwarded to any other telephone number within the same local calling area.	Value Added
C5.4.2	TOUCHTONE CALLING	Touch-Tone Calling Service is a distinctive type of telephone service using audible voice frequency tones to actuate the CO equipment.	Value Added
C5.4.3	CUSTOM CALLING SERVICES	Custom Calling Features are special services that offer convenience and control over outgoing and incoming calls.	Value Added
C5.4.5	BASIC EXCHANGE ENHANCEMENT	This service provides a circuit with no more than a 4 decibel loss from the local central office to the customer's network interface. This service provides the customer a high quality transmission line and signaling for use on all local switched service.	Value Added
C5.4.8	OPEN SWITCH INTERVAL PROTECTION	Open Switch Interval Protection provides constant supervision on the customer's line by adding a signal distributor and signal distributor applique during central office switching until the call connection is completed.	Value Added
C5.4.9	CALLER IDENTIFICATION - BULK	Caller Identification-Bulk (BCLID) allows a CENTRON, Centrex, Multiline Hunt Group (MLHG) or Private Branch Exchange (PBX) customer to receive call related information on calls that are received from outside the CENTRON, Centrex, MLHG or PBX.	Value Added

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C5.7.1 LISTING SERVICES	The alphabetical directory is a list of names of customers and others for whom directory listings are provided. Alphabetical listings include information which is essential to the identification of the listed party and facilitates the use of the directory.	Ancillary
C5.7.7 CUSTOM NUMBER SERVICE	A customer request for a specific telephone number assignment.	Ancillary
C5.8.4 INTERCEPT SERVICES	Recordings that provide callers with information concerning disconnected telephone numbers.	Value Added
C9.4.6 NEXT CONNECTS	An optional feature that allows a customer to control the handling of incoming calls when their line is busy, by either placing the call in a queue, or allowing the caller to leave a message.	Value Added
ACS10.5 RATES AND CHARGES	Relates to ACS 10.1 - Metro Optical Ethernet (MOE) Service. A flexible, easy-to-use transport service that uses established Ethernet transport technology. MOE allows customers to connect multiple enterprise locations within a service area using native Ethernet protocol. MOE is available over three distinct designs: Customer Premises, Central Office and Ethernet with Extended Transport (EwET).	Value Added
ACS107.5.1 GENERAL	Relates to ACS 107.1 - ATM Service. A connection-oriented communications service that uses Asynchronous Transfer Mode technology. The service provides customers with high-speed, low-delay information transfer capacity, which supports applications that require near-real-time mixed media (data, video, image, voice) communications among multiple locations.	Value Added
ACS109.5 RATES AND CHARGES	Relates to ACS 109.1 - LAN Switching Service. A metropolitan-area and wide-area LAN interconnection service, which provides customers with native speed LAN interconnection. LSS provides a specific amount of bandwidth, and supports both point-to-point and multipoint connectivity between customer-designated locations.	Value Added
ACS5.4.1 GENERAL	Relates to ACS 5.1 - Frame Relay Service. Provides high speed access and throughput to and among Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate circuit bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACS5.4.2 OPTIONAL FEATURES AND FUNCTIONS	Relates to ACS 5.1 - Frame Relay Service. Provides high speed access and throughput to and among Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate circuit bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACS5.5.1 GENERAL	Relates to ACS 5.1 - Frame Relay Service. Provides high speed access and throughput to and among Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate circuit bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACS5.5.2 OPTIONAL FEATURES AND FUNCTIONS	Relates to ACS 5.1 - Frame Relay Service. Provides high speed access and throughput to and among Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate circuit bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACS7.5.1 GENERAL	Relates to ACS 7.1 - ATM Service. A connection-oriented communications service that uses Asynchronous Transfer Mode technology. The service provides customers with high-speed, low-delay information transfer capacity, which supports applications that require near-real-time mixed media (data, video, image, voice) communications among multiple locations.	Value Added
C10.10.4 TRAFFIC DATA REPORTING SERVICE	Traffic Data Report Service provides customers a summary of their traffic data on certain network facilities, e.g., individual access lines, multiline hunt groups, trunk groups, network access registers, CENTRON system features, etc.	Ancillary
C10.10.5 CALL EVENT AND MANAGEMENT SIGNALING SERVICE (CEMSS) SUBSCRIBER	Call Event and Management Signaling Service Subscriber is a feature provisioned on the lines of clients who subscribe to a provider's CEMSS. CEMSS Subscriber enables a subscriber's chosen provider to conduct transactions on their telephone line such as updating a parameter or creating a call log.	Value Added

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C10.5.2	CODE BILLING	Code billing is a special toll billing arrangement which enables the customer to obtain details of toll calls through the use of code numbers assigned by the Company. The customer may associate the code numbers with specific stations, departments, projects, etc., for internal accounting purposes. Bills for toll calls will be rendered in accordance with the code number furnished to the toll operator at the time the call is placed.	Value Added
C105.2.13	OBSOLETE BUSINESS LINE VOLUME PURCHASE PLAN	The Business Line Volume Purchase Plan is available to business customers subscribing to 50 or more lines in conjunction with basic business access lines. A customer may have up to a maximum of 3000 participating lines across the Qwest region. Business customers subscribing to the plan are also entitled to hunting.	Obsolete
C105.4.14	OBSOLETE CUSTOM SOLUTIONS	Custom Solutions provides residence customers the option to design groups of services/products which will meet their needs. The customer selected groups may be chosen from PREMIUM services and additional services/products.	Obsolete
C105.4.15	OBSOLETE SINGLE NUMBER SERVICE	SINGLENUMBER Service provides a single telephone number to business customers with multiple business locations.	Obsolete
C105.4.17	OBSOLETE SELECT CALL ROUTING SERVICE	Select Call Routing will provide call redirection to any telephone number selected by the customer.	Obsolete
C105.6	OBSOLETE JOINT USER SERVICE	Joint use allows other individuals, firms, or corporations to share the customer's service. This service is not to be used in lieu of the Resale/Sharing Section. Joint User Service, is allowed only for customer's having 6 lines and/or trunks or less. If customers with six lines and/or trunks or less resell said service they will be required to comply with the resale/sharing provisions of 5.10.	Obsolete
C105.9.1	OBSOLETE PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE	A package of features available to customers in conjunction with and billed together with an individual flat rate or additional flat rate access line.	Obsolete
C105.9.2	OBSOLETE PACKAGES NOT ASSOCIATED WITH BASIC EXCHANGE SERVICE	Optional feature packages available to customers and billed separately from the associated access line.	Obsolete
C106.2.3	OBSOLETE 1-800 CALLING SERVICE	1-800 Calling Service provides access to an interactive voice response platform via a 1-800 number.	Obsolete
C106.2.5	OBSOLETE SPECIAL REVERSED CHARGE LONG DISTANCE SERVICE	Special Reversed Charge Long Distance Service provides an arrangement, in connection with MTS, whereby a customer offers their patrons, in certain designated exchanges, the privilege of calling them without the payment of a message charge and without having to request specific reversal of this charge.	Obsolete
C106.3.1	OBSOLETE METROPOLITAN PREFERRED AREA CALLING SERVICE	Metropolitan Preferred Area Calling Service is a measured rate outgoing-only intercity/intraLATA service which allows customers to dial station-to-station calls to other exchanges within the METROPAC calling area.	Obsolete
C106.3.18	OBSOLETE CALLING CONNECTION PLANS	Optional toll calling discount plans.	Obsolete
C107.1.1	OBSOLETE OUTWARD WATS	Wide Area Telecommunications Service provides for dial-type communications between a WATS termination and exchanges within the same LATA, within the State. 2. A WATS access line is a line from the Company CO to the Company-provided network interface on or near the customer's premises and is provided for the purpose of completing WATS calls.	Obsolete
C109.1.1	OBSOLETE CENTREX SERVICE	Centrex Service is a centralized telephone system that provides station-to-station calling, direct inward/outward dialing, station line identification on outward calls, call transfer and intercept of non-working lines.	Obsolete
C109.1.10	OBSOLETE OPTIONAL FEATURES	Additional features and functions provided in conjunction with Central Office Based Switching Systems, such as Automatic Route Selection, Station Message Detail Recording, and Electronic Tandem Switching.	Obsolete
C109.1.12	OBSOLETE CENTRON 6 AND 30 SERVICE	CENTRON 6 and 30 Service are optional features furnished from a Stored Program Controlled Central Office available to individual line business and residence customers wishing to combine two to thirty exchange access lines into a group.	Obsolete
C109.1.13	OBSOLETE CENTRON CUSTOM SERVICE	CENTRON Custom is a business communications system furnished only from a Stored Program Controlled central office.	Obsolete
C109.1.16	OBSOLETE CENTREX PLUS SERVICE	Centrex Plus Service is a business communications system furnished only from a Stored Program Controlled central office.	Obsolete
C109.1.2	OBSOLETE ESS SERVICE	ESSX-1 Service is a business communications service furnished only from a No. 1 or No. 1A Electronic Switching System (ESS) CO.	Obsolete

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C109.1.6 OBSOLETE AIRPORT INTERCOMMUNICATING SERVICE	A business communications system furnished only from a Stored Program Controlled central office and offered to Airport operators.	Obsolete
C109.1.7 OBSOLETE CUSTOMIZED MANAGEMENT SERVICES/CENTRON I	Customized Call Management Services (CCMS)/CENTRON I Service Optional Features are forwarded from a Stored Program Controlled central office. CCMS is the offering available to business customers; CENTRON I is the offering available to residence customers.	Obsolete
C113.3 OBSOLETE RESIDENCE MAINTENANCE PLANS	Premises Maintenance Plans are available from the Company for noncomplex residence customers. These noncomplex maintenance plans provide for trouble isolation and maintenance of premises wire and associated jacks located on the customer side of the Network Interface.	Obsolete
C113.4 OBSOLETE BUSINESS MAINTENANCE PLANS	Business Maintenance Plans provide for inside wire maintenance, trouble isolation and repair services for business customers.	Obsolete
C114.3.2 OBSOLETE PURCHASE PLUS REWARD PLAN FOR ISDN	PURCHASE PLUS REWARD Plan For ISDN is an offering available to business customers who enter into a one-year, two-year or three-year TOTAL ADVANTAGE Express (QTA Express) Agreement or TOTAL ADVANTAGE (QTA) Agreement, and who agree to increase their monthly spend under QTA Express or QTA.	Obsolete
C115.2 OBSOLETE SWITCHNET 56 SERVICE	SWITCHNET 56 Service is a single-party, four-wire, conditioned service which is capable of switching and transmitting 56 kilobits per second of digital data.	Obsolete
C13.2 PREMISES WORK CHARGES	Premises Work Charges are charges for work performed on the customer's side of the demarcation point by a Company employee or representative, at the customer's request, which are not covered by other charges.	Ancillary
C13.2.1 NETWORK PREMISES WORK CHARGES	Network Premises Work Charges are charges billed to the customer for work performed by a Company employee or representative for work done on the Company side of the network interface.	Ancillary
C13.3 RESIDENCE MAINTENANCE PLANS	Premises Maintenance Plans are available from the Company for noncomplex residence customers. These noncomplex maintenance plans provide for trouble isolation and maintenance of premises wire and associated jacks located on the customer side of the Network Interface.	Ancillary
C13.4 BUSINESS MAINTENANCE PLANS	Business Maintenance Plans provide for inside wire maintenance, trouble isolation and repair services for business customers.	Ancillary
C14.2.1 SINGLE LINE SERVICE	Integrated Services Digital Network (ISDN) is a digital service that provides an integrated voice/data capability to the customer premises facility, utilizing the public switched network. ISDN distributes voice, data, video, image and facsimile by two standard methods of access: a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Supplemental
C14.3.1 PRIMARY RATE SERVICE	Integrated Services Digital Network (ISDN) is a digital service that provides an integrated voice/data capability to the customer premises facility, utilizing the public switched network. ISDN distributes voice, data, video, image and facsimile by two standard methods of access: a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Supplemental
C14.4 INDIVIDUAL CASE ISDN SERVICE	Integrated Services Digital Network (ISDN) is a digital service that provides an integrated voice/data capability to the customer premises facility, utilizing the public switched network. ISDN distributes voice, data, video, image and facsimile by two standard methods of access: a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Supplemental
C15.3 UNIFORM ACCESS SOLUTION SERVICE	Uniform Access Solution (UAS) Service provides an arrangement that allows channels to function with one number per channel group. UAS includes a DS1 facility with common equipment and a network connection which provides switching for local exchange and toll network access. Each DS1 facility utilizes 1 through 24 channels configured with trunk-side termination and one number functionality.	Supplemental
C15.4 INTEGRATED T-1 SERVICE	Integrated T-1 (IT1) Service provides a 1.544 mbps dedicated facility from the customer's premise to the Company serving wire center. IT1 includes a DS1 facility, common equipment, local exchange switching and 24 flat rated channels for access to the local exchange and toll networks. Each IT1 facility utilizes 24 channels which may be configured to provide the services as defined below, or a combination thereof.	Supplemental
C3.1.9 EXPRESS CHANGE CHARGES	CENTRON Custom, Centrex Plus customers may have changes to their service completed within a one-hour time frame or on an overnight basis. These changes include feature changes (move, add, delete and/or change features), system changes, moves and rearrangements of telephone numbers, and moves and changes to lines within a system.	Ancillary

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C5.11.1 LINE VOLUME PLAN	Line Volume Plan is available to business customers subscribing to 10 or more basic business lines or qualifying packages. A customer may have up to a maximum of 3,000 participating lines across the Qwest 14 state region. Line Volume Plan is offered as a tiered plan with each tier having a Minimum Line Requirement.	Pricing
C5.11.2 CORE CONNECT 1	CORE CONNECT 1 is a discounted pricing option available to business customers who subscribe to QWEST qualifying products and services under month to month, 1-year, 2-year or 3-year term plans.	Pricing
C5.11.3 PURCHASE PLUS REWARD PLAN	PURCHASE PLUS REWARD Plan is an offering available to business customers who enter into a one-year, two-year or three-year TOTAL ADVANTAGE Express (QTA Express) Agreement or TOTAL ADVANTAGE (QTA) Agreement, and who agree to increase their monthly spend under QTA Express or QTA.	Pricing
C5.2.10 TENANT SOLUTIONS	Tenant Solutions is a full service offering for tenants of designated multi-tenant high rise office buildings, shopping malls, and office parks. Tenants will be able to choose from a menu of services and receive discounts or waivers of monthly rates and/or nonrecurring charges.	Pricing
C5.2.11 COMPETITIVE RESPONSE	The Customer Incentive Program is an offering for potential new residence local exchange customers and to existing residence customers to induce the retention or continuation of existing services by those customers.	Pricing
C5.2.5.B STANDBY LINE	STAND-BY Line Service is an additional line service which allows business customers to expand access to their business and expand the capacity to make outgoing calls on an as needed basis. This service is designed for customers that experience periodic peaks and valleys in calling volumes to and from their business.	Supplemental
C5.2.8 HOME BUSINESS LINE SERVICE	HOME BUSINESS LINE (HBL) is a flat rated business voice service which includes the functionality of Custom Ringing and both business and residence listings.	Supplemental
C5.4.4 MARKET EXPANSION LINE - USAGE	Market Expansion Line is a service that routes all incoming calls to another customer-selected telephone number in the local calling area or a distant exchange.	Supplemental
C5.4.4 MARKET EXPANSION LINE	Market Expansion Line is a service that routes all incoming calls to another customer-selected telephone number in the local calling area or a distant exchange.	Supplemental
C5.4.7 INTRACALL SERVICE	INTRACALL Service allows an individual access line, non-complex residence or business customer to use the line as an intercom system.	Value Added
C5.9.1 PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE	A package of features available to customers in conjunction with an individual flat rate or additional flat rate access line.	Pricing
C5.9.2 PACKAGES NOT ASSOCIATED WITH BASIC EXCHANGE SERVICE	Optional feature packages available to customers and billed separately from the associated access line.	Pricing
C6.2.1 TWO-POINT MESSAGE TELECOMMUNICATIONS SERVICE	MTS consists of furnishing facilities for telecommunications between station lines in different local service areas of the same LATA.	Toll
C6.2.4 DIRECTORY ASSISTANCE SERVICE	Directory Assistance is a service whereby customers may request assistance in determining telephone numbers.	Ancillary
C6.2.8 OPERATOR VERIFICATION/INTERRUPT SERVICE	Enables customers to obtain assistance in determining if a called line is in use or in interrupting a communication in progress due to an urgent or emergency situation by calling the "0" operator.	Value Added
C6.3.17 GUARANTEED RATE CALLING CONNECTION	Guaranteed Rate Calling Connection provides a volume discount on MTS based on a minimum number of hours of MTS service per month.	Toll
C6.3.18 CALLING CONNECTION PLANS	MTS Calling Connection Plans are optional toll calling discount plans.	Toll
C7.1.2 800 SERVICE	A WATS access line arranged for inward calling only. 800 Service provides for dial-type calling to a WATS termination by way of the WATS access line and the public switched network from exchanges within the same LATA in the State. 800 Service allows customers to receive and pay for incoming long distance calls by use of a telephone number which begins with the special service area code, 8XX.	Toll
C7.1.5 LARGE USER DISCOUNT - 800 SERVICE	A WATS access line arranged for inward calling only. 800 Service provides for dial-type calling to a WATS termination by way of the WATS access line and the public switched network from exchanges within the same LATA in the State. 800 Service allows customers to receive and pay for incoming long distance calls by use of a telephone number which begins with the special service area code, 8XX.	Toll
C9.1.10 OPTIONAL SERVICE FEATURES	Optional service features provided for Central Office Services which are furnished from Stored Program Control central offices.	Value Added

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C9.1.18	CENTREX PRIME SERVICE	Centrex PRIME service is a switched business communications service furnishing connections between a central office based switching system and the network interface which serves end user customer terminals. Centrex PRIME service is a multi-media platform which delivers integrated Video, Voice, Image and Data services to customers.	Supplemental
C9.1.7	CUSTOMIZED CALL MANAGEMENT SERVICES/CENTRON I	Customized Call Management Services (CCMS)/CENTRON I Service is composed of standard and optional features furnished from a Stored Program Controlled central office. CENTRON I is available to individual line residence customers and CCMS is available to individual line business customers wishing to combine one or more exchange access lines into a group.	Supplemental
C9.4.4	UNIFORM CALL DISTRIBUTION	Uniform Call Distribution (UCD) provides a method of distributing a high volume of incoming calls to lines in a multiline hunt group equally and automatically.	Value Added
C9.4.5	CO-AUTO CALL DISTRIBUTION (CO-ACD)	CO-ACD Service provides call distribution as an integrated function of the central office. CO-ACD Service provides an equal distribution of a large volume of incoming calls to predesignated groups of answering positions, known as agent positions.	Value Added
Q10.1	SPECIAL PROMOTIONS	Placeholder for potential future promotions involving the discounting of private line service rates.	Pricing

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Q105.2.10	OBSOLETE DATAPHONE DIGITAL SERVICE	DATAPHONE® Digital Service is a registered brand name of AT&T's Digital Data Service, common usage has come to use the term DDS generically to mean the digital data service offering at 64 kbit/s and below.	Obsolete
Q105.2.14	OBSOLETE VOICE GRADE SERVICE	Voice Grade circuits are provided with a bandwidth of 300-3000 Hz designed to meet certain specifications based on Company standards of measurement for voice transmission, data transmission, remote metering, telephoto and miscellaneous signaling purposes.	Obsolete
Q105.2.18	OBSOLETE GEOMAX SERVICE	GeoMax is a high-speed, multi-protocol, fiber optic data transport service. It utilizes Dense Wave Division Multiplexing (DWDM) technology to enable two or more optical signals having different wavelengths to be simultaneously transmitted in the same direction over one strand of fiber.	Obsolete
Q105.2.2	OBSOLETE SERIES 5000 CHANNELS	Series 5000 Channels provide Base Capacity for transmitting various forms of electrical communication up to specified limits and Terminating Arrangements necessary for the utilization of such capacity. Channels are furnished between specified locations for telephone, facsimile, teletypewriter, data transmission, remote metering, supervisory control, miscellaneous signaling and other purposes for which terminating arrangements are provided. Series 5000 channels are furnished for intraLATA interexchange service only.	Obsolete
Q105.2.3	OBSOLETE DATAPHONE SELECT-A-STATION	DSAS circuits are data circuits which are furnished for use between: • The master station and the Data Station Selector (DSS); or • DSSs; and/or • The DSS and the Remote Stations.	Obsolete
Q105.2.9	OBSOLETE TELEPHONE ANSWERING SERVICE	Concentrator-Identifier equipment, designed for use in connection with TAS bureau switchboards, eliminates the necessity for a separate cable pair for each secretarial line between a wire center and the secretarial bureau.	Obsolete
Q21.4.1	SWITCHED ACCESS SERVICE VIRTUAL EI	Provides for wire center interconnection of Company-provided Switched Access DS1 or DS3 capacity services to interconnector-provided or designated transmission equipment.	Value Added
Q3.2.2	NONRECURRING CHARGES	Nonrecurring charges are one-time charges that apply for a specific work activity. The type of nonrecurring charges that apply are: Service Provisioning Charge (Initial and/or Subsequent), Channel Performance, Transport Mileage, Optional Features and Functions and Service Rearrangements. Special Construction charges. Customers who order service under an Alternate Pricing Arrangement, may incur additional nonrecurring charges as identified in each individual case.	Value Added
Q4.1.1	SERVICE DATE CHANGE	Service dates for the installation of new services or rearrangements of existing services may be changed, but the new service date may not exceed the original service date by more than 30 business days.	Ancillary
Q4.1.10	MAINTENANCE OF SERVICE	When a customer reports trouble to the Company for clearance and no trouble is found in the Company's facilities, the customer shall be responsible for payment of a Maintenance of Service charge.	Ancillary
Q4.1.11	ADDITIONAL ENGINEERING	Additional Engineering will be provided by the Company at the request of the customer when: A. A customer requests additional technical information after the Company has already provided the technical information normally included on the Design Layout Report (DLR). B. Additional Engineering time is incurred by the Company to engineer a customer's request for a Customized service.	Ancillary
Q4.1.12	ADDITIONAL LABOR	Additional Labor is that labor requested by the customer on a given service and agreed to by the Company.	Ancillary
Q4.1.13	ADDITIONAL ENGINEERING AND LABOR CHARGES	Relates to Q4.1.11 and Q4.1.12	Ancillary
Q4.1.14	ACCEPTANCE TESTING	Customer requested testing by the Company of specified technical parameters.	Ancillary
Q4.1.15	TESTING SERVICES	Additional Cooperative Acceptance Testing and Non Scheduled Testing for Voice Grade Service to test specified parameters.	Ancillary
Q4.1.16	TESTING CHARGES	Relates to Q4.1.15	Ancillary
Q4.1.17	DISPATCH CHARGE	Dispatch Charge applies to all Private Line Transport Services and applies if, for any reason, the customer requests a service date change but fails to notify the Company before the service date and a Company technician is dispatched to the customer's premises on the service date.	Ancillary

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Q4.1.2 DESIGN CHANGE	A design change is any change to an order which requires engineering review. An engineering review is a review by Company personnel of the service ordered and the requested changes to determine what change in the design, if any, is necessary to meet the changes requested by the customer.	Ancillary
Q4.1.3 CANCELLATION OF APPLICATION FOR SERVICE	Cancellation charges are based on the estimated costs incurred by the Company at the time the order is canceled.	Ancillary
Q4.1.4 EXPEDITE	An Expedite Charge will apply in situations where the Customer requests and the Company agrees to provide the service on an expedited basis.	Ancillary
Q4.1.5 DESIGN LAYOUT REPORT	At the request of the customer, the Company will provide to the customer the make-up of the facilities and service. This information will be provided in the form of a Design Layout Report. A mechanized DLR will be data transmitted to the customer at no charge and will be reissued or updated whenever these facilities are materially changed. At the customer's request, additional copies of the mechanized DLR and all hard copies of the DLR will be provided and a charge will apply.	Ancillary
Q4.1.6 SPECIAL CONSTRUCTION	1. Special Construction is required when a customer requests service and the facilities are either not available, or require additional costs beyond those which would otherwise be incurred to construct.	Ancillary
Q4.1.8 MAINTAINING FACILITIES	Expense of maintaining Company provided facilities and service beyond the ordinary expenses of doing so.	Ancillary
Q4.3.2 FACILITIES PROTECTION-SPECIAL FACILITIES ROUTING	Special Facility Routing is involved when, in order to comply with requirements specified by the customer, the Company provides services in a manner which includes one or more of the following conditions: A. Diversity B. Avoidance C. Diversity and Avoidance Options D. Cable-Only Facilities	Value Added
Q4.4 PROTECTION SERVICE FOR HIGH VOLTAGE ENVIRONMENTS	Company services provided on facilities that extend to a high voltage environment, i.e., electric power generating, switching and distributing locations, require high voltage protection whenever hazardous voltages of 1000V peak asymmetrical or greater appear on those facilities due to Ground Potential Rise (GPR) and/or induction caused by faults in electric power system(s) located on the customer's premises.	Ancillary
Q4.5 COMMANDALINK-NETWORK RECONFIGURATION SERVICE	Command A Link-Network Reconfiguration Service provides the customer with the ability to reconfigure or rearrange their network from their premises at their convenience.	Value Added
Q4.6 TELECOM SERVICE PRIORITY SYSTEM	Telecommunications Service Priority (TSP) is a regulatory, administrative, and operational system developed by the Federal Government to ensure priority provisioning and/or restoration of National Security Emergency Preparedness (NSEP) telecommunications services.	Ancillary
Q5.2.13 US WEST DS1 SERVICE	DS1 Service provides for the two-way transmission of 1.544 Mbit/s digital signals, on a point-to-point basis only. DS1 Service can be provisioned on copper, fiber, or other suitable facilities, at the discretion of the Company. DS1 Service may be used for the transmission of voice, data, and video signals, or any combination thereof. DS1 Service is provided between two customer designated premises, between a customer designated premises and a Company Serving Wire Center, or between Company Serving Wire Centers.	Value Added
Q5.3 CUSTOM SERVICE ARRANGEMENTS	One-off arrangements of equipment and services requested by customers for specialized situations that cannot be addressed with existing tariffed services.	Value Added
Q6.2.1 LOW-SPEED DATA SERVICE	Unconditioned channels capable of transmitting low speed varying signals at rates up to 30 baud or binary signals at rates of 0-150 baud. Low-Speed Data Channels are furnished and rated from a POT to a POT or bridging location to a POT. These channels are furnished on a two-point or multipoint basis.	Value Added
Q6.2.10 DIGITAL DATA SERVICE	Digital Data Service (DDS) is provided on a two-point or multipoint, 4-wire basis and is capable of transmission of synchronous serial data at the rate of 2.4, 4.8, 9.6, 19.2 or 56 kbps. Digital Data Service is also provided at 64 kbps on a twopoint only basis. Subrated DS0 Service is also available.	Value Added
Q6.2.12 SIMULTANEOUS VOICE DATA SERVICE	Simultaneous Voice Data Service (SVDS) provides two-point or multipoint transport of full-duplex, asynchronous or synchronous digital data, at speeds of 2.4, 4.8, 9.6, or 19.2 kbit/s, while simultaneously carrying analog voice traffic over a shared, qualified, two-wire exchange access line or network access channel facility. Subrate DS0 Service is also available.	Value Added

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Tariff Section (Tariff Heading	Description	Category
Q6.2.13	DS1 SERVICE	DS1 Service provides for the two-way transmission of 1.544 Mbit/s digital signals, on a point-to-point basis only. DS1 Service can be provisioned on copper, fiber, or other suitable facilities, at the discretion of the Company. DS1 Service may be used for the transmission of voice, data, and video signals, or any combination thereof. DS1 Service is provided between two customer designated premises, between a customer designated premises and a Company Serving Wire Center, or between Company Serving Wire Centers.	Value Added
Q6.2.14	DS3 SERVICE	DS3 Service provides a high capacity channel for the transmission of 44.736 Mbit/s isochronous serial data having a line code of bipolar three zero substitution (B3ZS). DS3 Service is provided between customer designated premises, between a customer designated premises and a Company Hub or between Company Hubs.	Value Added
Q6.2.15	SELF HEALING NETWORK SERVICE	Self-Healing Network Service (SHNS) is a service arrangement designed to provide high capacity digital services between multiple customer designated premises (Access Nodes) and a minimum of one Company wire center (Hub Node), which will survive in the event of any single failure (catastrophic or otherwise) within the Self-Healing Network.	Value Added
Q6.2.18	GEOMAX SERVICE	GeoMax is a high-speed, multi-protocol, fiber optic data transport service. It utilizes Dense Wave Division Multiplexing (DWDM) technology to enable two or more optical signals having different wavelengths to be simultaneously transmitted in the same direction over one strand of fiber.	Value Added
Q6.2.19	QWAVE SERVICE	QWave is a circuit-based service, utilizing shared Dense Wave Division Multiplexing (DWDM) technology to provide dedicated, point-to-point bandwidth on a common Qwest infrastructure.	Value Added
Q6.2.2	VOICE GRADE SERVICE	Voice Grade circuits are provided with a bandwidth of 300-3000 Hz designed to meet certain specifications based on Company standards of measurement for voice transmission, data transmission, remote metering, telephoto and miscellaneous signaling purposes.	Value Added
Q6.2.4	LOCAL AREA DATA SERVICE	Local Area Data Service provides for baseband transmission of digital data signals, between two points within the same serving wire center area. Service is provided between two points that are not more than six route miles apart, as determined by the Company, using normal cable routing between the points to be served. Channel lengths in excess of six route miles are not provided. Service is offered only for balanced transmission of data signals conforming to the signal power limitations and other parameters specified in the applicable Technical Reference. These circuits are furnished on either a two-wire or four-wire basis, over non-loaded, metallic cable facilities.	Value Added
Q6.2.5	AUDIO SERVICE	Audio channels are provided for the transmission of non-broadcast program signals on a two-point or multipoint basis. The channels are furnished on a monthly basis for closed circuit (non-broadcast) transmission of voice and/or music signals in one direction only.	Value Added
Q6.2.6	FOREIGN EXCHANGE SERVICE	Foreign Exchange (FX) Service provides dial tone from a wire center in an exchange from which the customer is not normally served.	Value Added
Q6.2.7	FOREIGN CENTRAL OFFICE SERVICE	Foreign Central Office (FCO) Service provides dial tone from a customer's serving wire center to a remote wire center in the same exchange.	Value Added
Q6.2.8	EXCHANGE SERVICE EXTENSIONS	Channels which extend dial tone from a customer's serving wire center to a noncontinuous property station location.	Value Added
Q6.2.9	TELEPHONE ANSWERING SERVICE	A Telephone Answering Service (TAS) circuit provides access to any individual or firm offering a telephone answering service to a number of customers as a general undertaking.	Value Added
Q7.9.1	SWITCHED TRANSPORT	Provides the transmission facilities between the customer's premises and the end office switch(es) where the customer's traffic is switched to originate or terminate its communications.	Value Added
C105.11.4	OBSOLETE LINE VOLUME ADVANTAGE	LINE VOLUME ADVANTAGE is available to business customers subscribing to 50 or more lines in conjunction with basic business access lines. A customer may have up to a maximum of 3,000 participating lines across the Qwest region. LINE VOLUME ADVANTAGE is offered as a tiered plan with each tier having a Minimum Line Requirement.	Obsolete
C107.1.3	OBSOLETE 800 SERVICE LINE OPTION	A measured access line associated with inward toll free long distance calling.	Obsolete
C107.1.4	OBSOLETE ANCILLARY WATS SERVICE	Additional terminations of a WATS access line.	Obsolete

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Tariff Section (Tariff Heading)	Description	Category
C107.1.5 OBSOLETE LARGE USER DISCOUNT - OUTWARD WATS AND 800	The Large User Discount provides a volume discount on Outward WATS and/or 800 SERVICELINE Option based on a minimum number of hours of the service per month.	Obsolete
C109.1.17 OBSOLETE CENTREX 21 SERVICE	Centrex 21 Service is a flat rate, business service for customers with 2 to 50 station lines. Centrex 21 Service is furnished only from a Stored Program Controlled central office offered subject to the availability of facilities and applicable generic feature programs and will not be available in a 2BESS Central Office. Centrex 21 consists of standard features which are available to all station lines in the shared customer group where available. A Centrex 21 customer has a choice of having the features delivered via analog lines and/or 2B+S, (digital, voice only) ISDN lines.	Obsolete
C6.2.9 SPECIAL HOUR DISCOUNT	Special hour discount applies only to intercity/intraLATA long distance message telecommunications dial station-to-station service between points within the same LATA for selected hours on selected days as determined by the Company.	Toll
C105.2.5.A OBSOLETE COMBINATION ACCESS LINE SERVICE	Two or more access lines, each at a different location in the same local service area, arranged with the capability of answering calls for one line or each of the lines at another location.	Obsolete
Q105.2.13 OBSOLETE DS1 SERVICE	An arrangement that allows a customer to transport any framed sequence of binary ones and zeroes through a 1.544 Mbit/s channel.	Obsolete
Q3.6 COMPETITIVE RESPONSE	An offering for potential new business and to existing business customers to induce the retention or continuation of existing services by those customers.	Pricing
Q4.1.9 REPAIR OF FACILITIES	Relates to Q 4.1.10 - When a customer reports trouble to the Company for clearance and no trouble is found in the Company's facilities, the customer shall be responsible for payment of a Maintenance of Service charge.	Ancillary

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Tariff Section (1)	Description	BASKET
E10.10.8	DISASTER RECOVERY SERVICES	1
E10.11.3	N11 SERVICE	1
E10.4.4	TOLL RESTRICTION	1
E10.4.6	900 SERVICE ACCESS RESTRICTION	1
E10.4.7	BLOCKING FOR 10XXX1+/10XXX011+	1
E10.7.1	CALLER IDENTIFICATION BLOCKING-PER CALL	1
E10.7.2	CALLER IDENTIFICATION BLOCKING-PER LINE	1
E105.2.5.B	OBSOLETE SERVICE STATIONS	1
E109.2.1	OBSOLETE EMERGENCY REPORTING SERVICE	1
E2.2.10	TEMPORARY SUSPENSION OF SERVICE - CUSTOMER INITIATED	1
E2.2.7	ASSIGNING & CHANGING TELEPHONE NUMBERS	1
E2.2.9	TERMINATION OF SERVICE - COMPANY INITIATED	1
E2.3.2	RETURNED CHECK CHARGE	1
E3.1.1	NONRECURRING CHARGES	1
E3.1.7	DUAL SERVICE	1
E3.1.8	EXPRESS SERVICE	1
E5.1.6	LOCAL SERVICE INCREMENTS	1
E5.2.1	MEASURED USAGE CHARGES	1
E5.2.2	LOW USE OPTION SERVICE - PRIMARY LINE	1
E5.2.4	FLAT RATE SERVICE - PRIMARY LINE	1
E5.2.5.A	SERVICE STATION LINES	1
E5.2.6	TELEPHONE ASSISTANCE PROGRAMS	1
E9.2.1	UNIVERSAL EMERGENCY NUMBER SERVICE - 911	1
E9.2.5	EMERGENCY TRANSPORT BACKUP	1
C5.3.3	FLAT RATE TRUNKS	2
C5.4.2	TOUCHTONE CALLING	2
C5.8.4	INTERCEPT SERVICES	2
Q7.1 - Q7.9.1	SWITCHED TRANSPORT	3
Q21.1 - Q21.4.1	SWITCHED ACCESS SERVICE VIRTUAL EI	3
E5.7.1	LISTING SERVICES (INCLUDES RESIDENCE NLT AND NPU)	1
E11.2	POLE ATTACHMENTS	1

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Tariff Section (1)	Description	BASKET
C10.10.1	MESSAGE DELIVERY SERVICE	2
C10.10.2	MESSAGE WAITING INDICATION	2
C10.3.2	CENTRAL OFFICE MAKE BUSY/STOP HUNT	2
C10.4.1	CUSTOMNET SERVICE	2
C105.10	OBSOLETE RESALE/SHARING OF COMPANY SERVICES	2
C105.2.5	OBSOLETE LOCAL SERVICE OPTIONS	2
C105.3.4	OBSOLETE DID SERVICE	2
C105.3.5	OBSOLETE IDENTIFIED OUTWARD DIALING	2
C105.4.10	CUSTOM RINGING SERVICE	2
C105.4.11	OBSOLETE HUNTING SERVICE	2
C105.4.3	OBSOLETE CUSTOM CALLING SERVICES	2
C105.7.1	OBSOLETE LISTINGS	2
C109.2.3	OBSOLETE EMERGENCY ALARM AND REPORTING SERVICE	2
C110.3.1	OBSOLETE ARRANGEMENTS FOR NIGHT, SUNDAY, HOLIDAY SERVICE	2
C110.4.2	OBSOLETE TOLL DIVERSION	2
C110.8	OBSOLETE NETWORK CONNECTING ARRANGMENTS	2
C125.1	OBSOLETE CUSTOMIZED SERVICES OF EQUIPMENT OR SERVICE ARRANGEMENTS	2
C15.1	DIGITAL SWITCHED SERVICES (DSS)	2
C25.1	CUSTOMIZED SERVICE EQUIPMENT OR SERVICE ARRANGEMENTS	2
C5.10	RESALE/SHARING OF COMPANY SERVICES	2
C5.2.2	LOW USE OPTION SERVICE - ADDITIONAL LINES	2
C5.2.4	FLAT RATE SERVICE - ADDITIONAL LINES	2
C5.2.5.A	PUBLIC RESPONSE CALLING SERVICE	2
C5.2.5.A	PUBLIC RESPONSE CALLING SERVICE	2
C5.3.4	DIRECT INWARD DIALING (DID) SERVICE	2
C5.4.10	CUSTOM RINGING SERVICE	2
C5.4.11	HUNTING SERVICE	2
C5.4.19	NUMBER FORWARDING	2
C5.4.3	CUSTOM CALLING SERVICES	2
C5.4.5	BASIC EXCHANGE ENHANCEMENT	2
C5.4.8	OPEN SWITCH INTERVAL PROTECTION	2
C5.4.9	CALLER IDENTIFICATION - BULK	2
C5.7.1	LISTING SERVICES	2
C5.7.7	CUSTOM NUMBER SERVICE	2
C9.4.6	NEXT CONNECTS	2
ACS10.5	RATES AND CHARGES	3
ACS107.5.1	GENERAL	3
ACS109.5	RATES AND CHARGES	3
ACS5.4.1	GENERAL	3
ACS5.4.2	OPTIONAL FEATURES AND FUNCTIONS	3
ACS5.5.1	GENERAL	3
ACS5.5.2	OPTIONAL FEATURES AND FUNCTIONS	3
ACS7.5.1	GENERAL	3
C10.10.4	TRAFFIC DATA REPORTING SERVICE	3
C10.10.5	CALL EVENT AND MANAGEMENT SIGNALING SERVICE (CEMSS) SUBSCRIBER	3
C10.5.2	CODE BILLING	3
C105.2.13	OBSOLETE BUSINESS LINE VOLUME PURCHASE PLAN	3
C105.4.14	OBSOLETE CUSTOM SOLUTIONS	3
C105.4.15	OBSOLETE SINGLE NUMBER SERVICE	3
C105.4.17	OBSOLETE SELECT CALL ROUTING SERVICE	3

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C105.6	OBSOLETE JOINT USER SERVICE	3
C105.9.1	OBSOLETE PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE	3
C105.9.2	OBSOLETE PACKAGES NOT ASSOCIATED WITH BASIC EXCHANGE SERVICE	3
C106.2.3	OBSOLETE 1-800 CALLING SERVICE	3
C106.2.5	OBSOLETE SPECIAL REVERSED CHARGE LONG DISTANCE SERVICE	3
C106.3.1	OBSOLETE METROPOLITAN PREFERRED AREA CALLING SERVICE	3
C106.3.18	OBSOLETE CALLING CONNECTION PLANS	3
C107.1.1	OBSOLETE OUTWARD WATS	3
C109.1.1	OBSOLETE CENTREX SERVICE	3
C109.1.10	OBSOLETE OPTIONAL FEATURES	3
C109.1.12	OBSOLETE CENTRON 6 AND 30 SERVICE	3
C109.1.13	OBSOLETE CENTRON CUSTOM SERVICE	3
C109.1.16	OBSOLETE CENTREX PLUS SERVICE	3
C109.1.2	OBSOLETE ESS SERVICE	3
C109.1.6	OBSOLETE AIRPORT INTERCOMMUNICATING SERVICE	3
C109.1.7	OBSOLETE CUSTOMIZED MANAGEMENT SERVICES/CENTRON I	3
C113.3	OBSOLETE RESIDENCE MAINTENANCE PLANS	3
C113.4	OBSOLETE BUSINESS MAINTENANCE PLANS	3
C114.3.2	OBSOLETE PURCHASE PLUS REWARD PLAN FOR ISDN	3
C115.2	OBSOLETE SWITCHNET 56 SERVICE	3
C13.2	PREMISES WORK CHARGES	3
C13.2.1	NETWORK PREMISES WORK CHARGES	3
C13.3	RESIDENCE MAINTENANCE PLANS	3
C13.4	BUSINESS MAINTENANCE PLANS	3
C14.2.1	SINGLE LINE SERVICE	3
C14.3.1	PRIMARY RATE SERVICE	3
C14.4	INDIVIDUAL CASE ISDN SERVICE	3
C15.3	UNIFORM ACCESS SOLUTION SERVICE	3
C15.4	INTEGRATED T-1 SERVICE	3
C3.1.9	EXPRESS CHANGE CHARGES	3
C5.11.1	LINE VOLUME PLAN	3
C5.11.2	CORE CONNECT 1	3
C5.11.3	PURCHASE PLUS REWARD PLAN	3
C5.2.10	TENANT SOLUTIONS	3
C5.2.11	COMPETITIVE RESPONSE	3
C5.2.5.B	STANDBY LINE	3
C5.2.8	HOME BUSINESS LINE SERVICE	3
C5.4.4	MARKET EXPANSION LINE - USAGE	3
C5.4.4	MARKET EXPANSION LINE	3
C5.4.7	INTRACALL SERVICE	3
C5.9.1	PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE	3
C5.9.2	PACKAGES NOT ASSOCIATED WITH BASIC EXCHANGE SERVICE	3
C6.2.1	TWO-POINT MESSAGE TELECOMMUNICATIONS SERVICE	3
C6.2.4	DIRECTORY ASSISTANCE SERVICE	3
C6.2.8	OPERATOR VERIFICATION/INTERRUPT SERVICE	3
C6.3.17	GUARANTEED RATE CALLING CONNECTION	3
C6.3.18	CALLING CONNECTION PLANS	3
C7.1.2	800 SERVICE	3
C7.1.5	LARGE USER DISCOUNT - 800 SERVICE	3
C9.1.10	OPTIONAL SERVICE FEATURES	3
C9.1.18	CENTREX PRIME SERVICE	3

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C9.1.7	CUSTOMIZED CALL MANAGEMENT SERVICES/CENTRON I	3
C9.4.4	UNIFORM CALL DISTRIBUTION	3
C9.4.5	CO-AUTO CALL DISTRIBUTION (CO-ACD)	3
Q10.1	SPECIAL PROMOTIONS	3
Q105.2.10	OBSOLETE DATAPHONE DIGITAL SERVICE	3
Q105.2.14	OBSOLETE VOICE GRADE SERVICE	3
Q105.2.18	OBSOLETE GEOMAX SERVICE	3
Q105.2.2	OBSOLETE SERIES 5000 CHANNELS	3
Q105.2.3	OBSOLETE DATAPHONE SELECT-A-STATION	3
Q105.2.9	OBSOLETE TELEPHONE ANSWERING SERVICE	3
Q3.2.2	NONRECURRING CHARGES	3
Q4.1.1	SERVICE DATE CHANGE	3
Q4.1.10	MAINTENANCE OF SERVICE	3
Q4.1.11	ADDITIONAL ENGINEERING	3
Q4.1.12	ADDITIONAL LABOR	3
Q4.1.13	ADDITIONAL ENGINEERING AND LABOR CHARGES	3
Q4.1.14	ACCEPTANCE TESTING	3
Q4.1.15	TESTING SERVICES	3
Q4.1.16	TESTING CHARGES	3
Q4.1.17	DISPATCH CHARGE	3
Q4.1.2	DESIGN CHANGE	3
Q4.1.3	CANCELLATION OF APPLICATION FOR SERVICE	3
Q4.1.4	EXPEDITE	3
Q4.1.5	DESIGN LAYOUT REPORT	3
Q4.1.6	SPECIAL CONSTRUCTION	3
Q4.1.8	MAINTAINING FACILITIES	3
Q4.3.2	FACILITIES PROTECTION-SPECIAL FACILITIES ROUTING	3
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Q4.5	COMMANDALINK-NETWORK RECONFIGURATION SERVICE	3
Q4.6	TELECOM SERVICE PRIORITY SYSTEM	3
Q5.2.13	US WEST DS1 SERVICE	3
Q5.3	CUSTOM SERVICE ARRANGEMENTS	3
Q6.2.1	LOW-SPEED DATA SERVICE	3
Q6.2.10	DIGITAL DATA SERVICE	3
Q6.2.12	SIMULTANEOUS VOICE DATA SERVICE	3
Q6.2.13	DS1 SERVICE	3
Q6.2.14	DS3 SERVICE	3
Q6.2.15	SELF HEALING NETWORK SERVICE	3
Q6.2.18	GEOMAX SERVICE	3
Q6.2.19	QWAVE SERVICE	3
Q6.2.2	VOICE GRADE SERVICE	3
Q6.2.4	LOCAL AREA DATA-SERVICE	3
Q6.2.5	AUDIO SERVICE	3
Q6.2.6	FOREIGN EXCHANGE SERVICE	3
Q6.2.7	FOREIGN CENTRAL OFFICE SERVICE	3
Q6.2.8	EXCHANGE SERVICE EXTENSIONS	3
Q6.2.9	TELEPHONE ANSWERING SERVICE	3
C105.11.4	OBSOLETE LINE VOLUME ADVANTAGE	3
C107.1.3	OBSOLETE 800 SERVICELINE OPTION	3
C107.1.4	OBSOLETE ANCILLARY WATS SERVICE	3
C107.1.5	OBSOLETE LARGE USER DISCOUNT - OUTWARD WATS AND 800	3

NOTE 1: Price Cap Tariff Section Prefix Codes

E = Exchange and Network Services

C = Competitive Exchange and Network Services

Q = Competitive Private Line Transport Services

ACS = Competitive Advanced Communications Services

REVISED ATTACHMENT B
NON ESSENTIAL SERVICES

Arizona Corporation Commission
Docket No. T-01051B-11-0378
CenturyLink
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C109.1.17	OBSOLETE CENTREX 21 SERVICE	3
C6.2.9	SPECIAL HOUR DISCOUNT	3
C105.2.5.A	OBSOLETE COMBINATION ACCESS LINE SERVICE	3
Q105.2.13	OBSOLETE DS1 SERVICE	3
Q3.6	COMPETITIVE RESPONSE	3
Q4.1.9	REPAIR OF FACILITIES	3

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